This document compiles two base prospectuses relating to different categories of securities pursuant to Art. 22 (6) of the Commission Regulation (EC) No 809/2004 of 29 April 2004 (the "**Prospectus Regulation**"): (i) the base prospectus concerning non-equity securities within the meaning of No. 4 of Article 22 (6) of the Prospectus Regulation ("**Non-Equity-Securities**"), and (ii) the base prospectus concerning Pfandbriefe as non-equity securities within the meaning of No. 3 of Article 22 (6) of the Prospectus Regulation (together, the "**Debt Issuance Programme Prospectus**" or the "**Prospectus**").

Dated 22 June 2012

NORD/LB

Norddeutsche Landesbank Girozentrale

(incorporated as public law institution (*Anstalt des öffentlichen Rechts*) established under, and governed by, the laws of the Federal Republic of Germany and the Federal States (*Bundesländer*) of Lower Saxony (*Niedersachsen*) and Saxony-Anhalt (*Sachsen-Anhalt*))

EUR 25,000,000,000

Programme for the Issuance of Debt Instruments

Under the EUR 25,000,000,000 Programme for the Issuance of Debt Instruments (the "**Programme**") Norddeutsche Landesbank – Girozentrale – (also referred to as "**Issuer**") may from time to time issue instruments (including Pfandbriefe unless otherwise stated) (the "**Instruments**") denominated in any currency (subject always to compliance with all legal and/ or regulatory requirements) as set out in this Prospectus and as agreed between the Issuer and the dealers stated below (each a "**Dealer**", which term shall include any additional dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue). The Instruments are securitised liabilities of the Issuer. The liabilities are represented by the issue of one or more global note(s) in bearer form. Definitive notes are not being issued by the Issuer. **The relevant terms and conditions of the Instruments, which will govern the relationship between the Issuer and the holders, are attached to the relevant global note(s) and form an integral part of such global note(s). The relevant terms and conditions of the Instruments are not set out in this Prospectus but will be made available for an investor for each issue of Instruments to be issued under this Prospectus as a separate document. The relevant terms and conditions of the Instruments will be published on the Issuer's website (http://www.nordlb.de), provided that the relevant Final Terms (as defined below) are published also.**

This Prospectus contains a general description of the legal and economic parameters of the Instruments which may be issued under the terms of this Prospectus (see section V.2 "Technical Description of the Instruments").

Potential investors should therefore consider that information regarding a concrete issue of Instruments, which is not known at the date of this Prospectus such as the issue price, the date of the issue, the interest rate and the way in which the interest is calculated (as far as the Instruments are interest-bearing), the maturity date, any call option rights of the Issuer and/or the holder and further information which affects the economic estimation of the Instruments materially are specified in the final terms relating to the Instruments (the "**Final Terms**").

The Issuer will make an application to list Instruments to be issued under this Prospectus on the regulated market (as defined by Directive 2004/39/EC) of the Luxembourg Stock Exchange and to admit such Instruments for quotation on the Official List of the Luxembourg Stock Exchange. Instruments to be issued under this Prospectus may be listed on an alternative stock exchange or may not be listed at all.

The Instruments may be offered and sold from time to time by the Issuer outside the United States through the Dealers. Instruments may be sold to the relevant Dealer(s) as principals at negotiated discounts. The Issuer reserves the right to sell Instruments directly otherwise than through the Dealers. There can be no assurance that all or any Instruments will be sold or that a secondary market will develop for the Instruments (see section IX. "*Subscription and Sale* " 7. "Stabilisation").

Arranger of the Programme

NORDDEUTSCHE LANDESBANK GIROZENTRALE

Dealers

BARCLAYS
BofA MERRILL LYNCH
CITIGROUP
COMMERZBANK
CREDIT SUISSE
DEUTSCHE BANK
DZ BANK AG
HSBC
NORD/LB
UBS INVESTMENT BANK

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I. SUMMARY

Section A: Introduction

*This summary constitutes a summary (the "**Summary**") of the essential characteristics and risks associated with Norddeutsche Landesbank – Girozentrale – (the "**Issuer**") and the instruments to be issued under the prospectus relating to the EUR 25,000,000,000 Programme for the Issuance of Debt Instruments (the "**Programme**") of the Issuer . The Summary should be read as an introduction to the prospectus relating to the Programme (the "**Prospectus**"). Any decision by an investor to invest in the instruments to be issued under this Prospectus (the "**Instruments**") should be based on a consideration of this Prospectus as a whole (including any supplements which may be published in the future and the relevant Final Terms). Where a claim relating to the information contained in this Prospectus (including any supplement which may be published in the future and the applicable final ferms relating to a specific issue of Instruments (the "**Final Terms**")) is brought before a court, the plaintiff investor may, under the applicable national legislation of the relevant member state of the European Economic Area, have to bear the costs of translating this Prospectus (including any supplement which may be published in the future and the relevant Final Terms) before any legal proceedings are initiated. The Issuer assumes responsibility for the contents of the Summary and may be held liable for it, but only to the extent that the Summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.*

Section B: Disclosure relating to the Issuer

Issuer:	Norddeutsche Landesbank – Girozentrale –
Legal form:	Institution established under German public law (*Rechtsfähige Anstalt des öffentlichen Rechts (AöR))*
Group structure:	Norddeutsche Landesbank – Girozentrale – is the parent company of the NORD/LB Group. NORD/LB Group means Norddeutsche Landesbank – Girozentrale – and its consolidated subsidiaries (the "**NORD/LB Group**").
Any qualifications in the auditor's report relating to the financial information stated in and incorporated by reference into this Prospectus:	None.
Significant changes in the financial or trading position of NORD/LB Group for the period from 31 March 2012 up to the date of this Prospectus:	None.
Recent events which are particular to the solvency of Norddeutsche Landesbank – Girozentrale –:	None.
Business segments:	- Private and Commercial Customers; - Corporate Customers & Markets; - Ship and Aircraft Customers; - Real Estate Banking Customers; - Energy and Infrastructure Customers.

Section C: Disclosure relating to the Instruments

Description of the Instruments:	Instruments may be issued as (i) fixed rate Instruments; (ii) step-up/step-down Instruments; (iii)

	floating rate Instruments linked to a reference rate or structured floating rate Instruments linked to a base rate, (iv) zero coupon Instruments and (v) fixed to floating Instruments.
Denomination of the Instruments:	Instruments will be issued in any denomination subject to compliance with all applicable legal or regulatory requirements.
Currency:	Instruments may be denominated in any currency subject to compliance with all applicable legal or regulatory requirements.
Transferability of the Instruments:	There are certain restrictions on offers, sales and deliveries of Instruments and on the distribution of offering material, in particular in the United States of America, Japan, the European Economic Area, France, Italy and the United Kingdom.
Status and ranking:	Instruments may be issued on an unsubordinated basis, a subordinated basis or as Pfandbriefe. Instruments issued on an unsubordinated and unsecured basis will rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Issuer, present and future, except liabilities having prior ranking by law. Instruments issued on a subordinated basis will rank *pari passu* without any preference among themselves. In the event of the liquidation or bankruptcy of the Issuer, such obligations will be subordinated to the claims of all unsubordinated creditors of the Issuer. The Instruments issued as Pfandbriefe are covered in accordance with the German Pfandbrief Act (*Pfandbriefgesetz* ("**PfandBG**")) and will rank at least *pari passu* with all other liabilities of the Issuer from Pfandbriefe.
Early redemption:	For any Instruments, which are not issued as Pfandbriefe an early redemption for taxation reasons is permitted. Subordinated Instruments may allow the Issuer to call and to redeem the subordinated Instruments early, if they do no longer qualify as long-term subordinated liabilities (längerfristige nachrangige Verbindlichkeiten) pursuant to § 10 (5a) of the German Banking Act (*Kreditwesengesetz* ("**KWG**")). Unsubordinated Instruments may also be redeemed early, if the Issuer has the right to call the Instruments and exercises its right to require an early redemption of the Instruments (call) or if a holder has the right to call his Instruments and exercises its right to require an early redemption of the Instruments (put).
Interest:	The Instruments may be issued either as interest bearing at fixed or floating rates or structured floating rates or as non-interest bearing. In case of fixed rate Instruments the rate of interest will be unadjusted for the term.

	In case of step-up/ step-down Instruments the rate of interest may be adjusted for at each so agreed dates. In case of floating rate Instruments the rate of interest is linked to the performance of a reference rate (*e.g.* EURIBOR or LIBOR) and for structured floating rate Instruments the rate of interest is linked to a base rate (*e.g.* 20 year CMS-Swap rate). Both, the reference rate and the base rate may be limited to a maximum rate (cap) or a minimum rate (floor) or both or may be multiplied by a factor (leverage). Interest on interst bearing Instruments is payable on each interest payment date (in the case of fixed rate Instruments) or on the floating rate interest payment date (in case of floating rate Instruments and structured floating rate Instruments). Normally, the interest commencement date is the issue date of the Instruments.
Redemption:	Unless previously redeemed or purchased, the Instruments will be redeemed on the maturity date at their redemption amount, or in the case of zero coupon instruments at their amortised face value.
Yield:	The yield, the point in time when the yield can be calculated and the method of calculation depend on the type of Instruments to be issued. The yield can be determined at the issue date of the Instruments with regard to fixed rate Instruments, step-up/step-down Instruments and zero coupon Instruments. The yield of floating rate Instruments and structured floating rate Instruments cannot be determined at the Issue Date because the relevant interest amount cannot be specified on such date. For such Instruments, the yield can only be determined after redemption.
Resolutions of the holders:	The Instruments may comprise provisions that the terms and conditions of the Instruments which will govern the relationship between the Issuer and the holders and which are attached to the relevant global note(s) may be amended by majority vote of the holders pursuant to the German Bond Act (*Schuldverschreibungsgesetz* ("**SchVG**")). They may also comprise provisions relating to a joint representative of the holders.
Admission to trading:	The Issuer may apply to list Instruments on the regulated market of the Luxembourg Stock Exchange and to admit them for quotation on the Official List of the Luxembourg Stock Exchange. Furthermore the Instruments may be listed on an alternative stock exchange or may not be listed at all.

Section D: Risks

Risk Factors relating to the Issuer

*The risks described below contain the material risks of Norddeutsche Landesbank – Girozentrale – as a financial institution and from a group perspective in its capacity as parent company for its subsidiaries acting as financial institutions, namely Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Norddeutsche Landesbank Luxembourg S.A., NORD/LB Covered Finance Bank S.A. and Deutsche Hypothekenbank (Actien-Gesellschaft) (also referred to as "**NORD/LB and its Subsidiaries**"). Norddeutsche Landesbank – Girozentrale – defines as material all relevant risks, which could have a negative impact on its resources, earnings, the liquidity position or the achievement of its strategic goals. These risks may limit the Issuers ability to fulfil its obligations towards investors under the Instruments.*

NORD/LB and its Subsidiaries are subject to significant counterparty and market price risks and such risks are exacerbated by periods of financial crisis and recession like those experienced from 2007 to 2009.

Changes in interest rates are caused by many factors beyond the Issuer's control and such changes can have significant adverse effects on its financial results, including its net interest income, which represents the majority of its operating income.

NORD/LB and its Subsidiaries are subject to liquidity risks.

Unfavorable developments in the Issuer's or a subsidiary's credit rating would increase their funding costs and affect their ability to access capital markets.

The Issuer's risk management policies, procedures and methods may leave it exposed to unidentified or unanticipated risks, which could lead to material losses.

The assumptions, judgments and estimates used to value the assets of NORD/LB and its Subsidiaries may prove unreliable.

NORD/LB and its Subsidiaries are subject to operational risks, including fraud, misconduct by clients or employees, security breaches, technical and information technology errors or failures and other adverse events, many of which are wholly or partially beyond their control.

Risk Factors relating to regulatory aspects concerning credit institutions in general

Regulatory changes or enforcement initiatives could adversely affect the business of NORD/LB and its Subsidiaries.

The global financial crisis has led to an increase in regulatory activity at national and international levels to adopt new and more strictly enforce existing regulation for the financial sector, which has a significant effect on the compliance costs and may significantly affect the activity levels of financial institutions.

Governmental and central bank action in response to the financial crisis significantly affects competition and may affect the legal or economic position of investors.

Rights of the holders may be adversely affected by measures pursuant to the German Bank Restructuring Act (*Gesetz zur Restrukturierung und geordneten Abwicklung von Kreditinstituten, zur Errichtung eines Restrukturierungsfonds für Kreditinstitute und zur Verlängerung der Verjährungsfrist der aktienrechtlichen Organhaftung* ("**RStruktG**")) or the Second Financial Market Stabilisation Act (*Zweites Gesetz zur Umsetzung eines Maßnahmenpakets zur Stabilisierung des Finanzmarktes* ("**FMStG**")).

Risk Factors relating to the Instruments

Instruments may not be a suitable investment for all types of potential investors.

The Instruments may not be listed or even if listed may not be actively traded and an investor may, as a result, have a limited ability to sell the Instruments.

The market price for the Instruments may be subject to significant fluctuations and an investor may have to bear the economic risk of the investment in the Instruments until the date of their maturity.

Investors in countries with currencies other than the currency of the Instruments face additional investment risks from currency exchange rate fluctuations.

A materialisation of a credit risk of the Issuer may result in partial or total failure of the Issuer to make interest and/or redemption payments and the investor may suffer a loss or even total loss of its capital invested.

Credit ratings are not recommendations to buy, sell or hold Instruments and may be subject to suspension, revision or withdrawal at any time. Any change in the credit rating of the Issuer or any Instruments could adversely affect the trading price of the Instruments.

Provisions, fees and other costs may reduce any return resulting from the Instruments.

Taxation, contributions and fees may reduce any return resulting from the Instruments.

Payments under the Instruments may be subject to withholding tax pursuant to the US tax regulations of the Foreign Account Tax Compliance Act ("**FATCA**"). In such an event neither the Issuer nor any paying agent or any other person is required to compensate such a deduction so that such a potential tax withholding would be to the expense of a holder.

Changes of law may have an adverse impact on an investment in the Instruments and may compromise payments of principal and/or interest.

The real yield from an investment may be reduced by inflation.

The historic price of an Instrument should not be taken as an indicator of future performance of such Instrument.

The liabilities of the Issuer under subordinated Instruments will be subordinated to the claims of all unsubordinated creditors of the Issuer.

Interest rate changes may adversely affect the value of fixed rate Instruments and step-up/step-down Instruments.

Interest rate changes may adversely affect the value of zero coupon Instruments and the impact may be stronger than the impact on the price of fixed rate Instruments.

A holder of floating rate Instruments or structured floating rate Instruments is exposed to the risk of fluctuating interest rate levels. If interest rates of the floating rate Instruments or structured floating rate Instruments are capped at a certain level a holder will not benefit from a rise in the reference rate or base rate above such level.

In case of fixed to floating rate Instruments, the Issuer may elect to convert the interest rate from a fixed rate to a floating rate or structured floating rate during the term of the Instrument or *vice versa*. Investors of such Instruments are exposed to the risks of fixed rate Instruments and floating rate Instruments or structured floating rate Instruments.

Under certain conditions, the Issuer will have a right of an early redemption of the Instruments. In the event of an early redemption, the investor may, as a result, receive a lower than the expected yield on the invested capital.

Should the *SchVG* apply to the Instruments, the terms and conditions of such Instruments may be modified by majority resolution without consent of individual holders of Instruments.

Section E: Offer

Reasons for the offer and use of proceeds:	If not stated otherwise in the Final Terms, the net proceeds from each issue of Instruments under this Prospectus will be used for general financing purposes of the Issuer.
Conditions of the offer:	The Issuer may elect not to pursue an offering of Instruments which has already commenced due to any reason.
Interests of natural and legal persons involved in an issue of Instruments:	Certain of the Dealers and their affiliates may be customers of, borrower's from or creditors of the Issuer and its affiliates. In addition, certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business.

Section F: Other information

Key financial data of NORD/LB Group:	NORD/LB Group's Unaudited Interim Consolidated Financial Statements for the Period from 1 January 2012 to 31 March 2012 showed consolidated profit of EUR 118 million. The balance sheet total of NORD/LB Group as of 31 March 2012 was EUR 224,392 million. Core capital for solvency reasons (pursuant to § 10 in conjunction with § 10a KWG) as of 31 March 2012 was EUR 8,293 million, this corresponds to a core capital ratio of 10.21 per cent. The regulatory equity (the eligible capital in accordance with § 10 of the KWG) as of 31 March 2012 was EUR 10,851 million. The return on equity, defined as earnings before taxes (less interest expenses for silent participations in reported equity) in relation to long-term equity under German GAAP (share capital plus capital reserves, retained earnings and non- controlling interests less silent participations in reported equity) was 11.5 per cent. as of 31 March 2012. The cost-income ratio (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) was 56.4 per cent. as of 31 March 2012. The information stated above have been extracted from the Unaudited Interim Consolidated Financial Statements of NORD/LB Group as of and for the period ended 31 March 2012. NORD/LB Group's Consolidated Financial Statements for the Financial Year ended 31 December 2011 showed consolidated profit for the period of EUR 536 million. The balance sheet total of NORD/LB Group

as of 31 December 2011 was EUR 227,630 million. Core capital for solvency reasons (pursuant to § 10 in conjunction with § 10a KWG) as of 31 December 2011 was EUR 8,005 million, this corresponds to a core capital ratio of 9.44 per cent. The regulatory equity (the eligible capital in accord–ance with § 10 of the KWG) as of 31 December 2011 was EUR 10,727 million. The return on equity, defined as earnings before taxes (less interest expenses for silent participations in reported equity) in relation to long-term equity under German GAAP (share capital plus capital reserves, retained earnings and non-controlling interests less silent participations in reported equity) was 10.6 per cent. for 2011. The cost-income ratio (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) was 52.8 per cent. for the year ended 31 December 2011.

The information stated above has been extracted from the audited Consolidated Financial Statements of NORD/LB Group as of and for the year ended 31 December 2011.

ZUSAMMENFASSUNG

Abschnitt A: Einführung

*Diese Zusammenfassung stellt die Zusammenfassung (die „**Zusammenfassung**“) der wesentlichen mit der Norddeutsche Landesbank – Girozentrale – (die „**Emittentin**“) und den unter dem Prospekt zum EUR 25,000,000,000 Programme for the Issuance of Debt Instruments (das „**Programm**“) der Emittentin zu begebenden Wertpapieren verbundenen Merkmale und Risiken dar. Die Zusammenfassung ist als Einführung zum Prospekt zu dem Programm (der „**Prospekt**“) zu verstehen. Ein Anleger sollte jede Entscheidung zur Anlage in die Wertpapiere, die unter diesem Prospekt begeben werden (die „**Wertpapiere**“), auf die Prüfung des gesamten Prospektes (einschließlich etwaiger Nachträge, die in der Zukunft veröffentlicht werden könnten, und der für eine Emission von Schuldverschreibungen maßgeblichen Endgültigen Bedingungen (die „**Endgültigen Bedingungen**“)) stützen. Wenn vor einem Gericht Ansprüche aufgrund der in diesem Prospekt (einschließlich etwaiger Nachträge, die in der Zukunft veröffentlicht werden könnten, oder Endgültiger Bedingungen) enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger aufgrund anwendbarer einzelstaatlicher Rechtsvorschriften des maßgeblichen Mitgliedsstaates des europäischen Wirtschaftsraums die Kosten für die Übersetzung dieses Prospektes (einschließlich etwaiger Nachträge, die in der Zukunft veröffentlicht werden könnten, und der maßgeblichen Endgültigen Bedingungen) vor Prozessbeginn zu tragen haben. Die Emittentin übernimmt die Verantwortung für den Inhalt der Zusammenfassung und kann dafür haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird.*

Abschnitt B: Beschreibung der Emittentin

Emittentin:	Norddeutsche Landesbank – Girozentrale –
Rechtsform:	Rechtsfähige Anstalt des öffentlichen Rechts (*AöR*)
Konzernstruktur:	Die Norddeutsche Landesbank – Girozentrale – ist die Muttergesellschaft des NORD/LB Konzerns. NORD/LB Konzern bezeichnet die Norddeutsche Landesbank – Girozentrale – und ihre konsolidierten Tochterunternehmen (der „**NORD/LB Konzern**“).
Einschränkungen innerhalb des Testats des Wirtschaftsprüfers bei den in diesem Prospekt enthaltenen oder per Verweis einbezogenen Finanzdaten:	Keine.
Wesentliche Änderungen in der Finanz- oder Ertragslage des NORD/LB Konzerns für den Zeitraum ab dem 31. März 2012 bis zum Datum dieses Prospekts:	Keine.
Aktuelle Ereignisse in Bezug auf die Zahlungsfähigkeit der Norddeutsche Landesbank – Girozentrale –:	Keine.
Geschäftssegmente:	- Privat- und Geschäftskunden; - Firmenkunden & Markets; - Schiffs- und Flugzeugkunden; - Immobilienkunden; - Energie- und Infrastrukturkunden.

Abschnitt C: Beschreibung der Wertpapiere

Informationen über die Wertpapiere:	Die Wertpapiere können als (i) festverzinsliche Wertpapiere, (ii) Stufenzins-Wertpapiere (steigend oder fallend), (iii) variabel verzinsliche Wertpapiere in Abhängigkeit von einem Referenzzinssatz oder strukturiert variabel verzinsliche Wertpapiere in Abhängigkeit von einem Basiszinssatz, als (iv) Nullkupon-Wertpapiere oder (v) als Fest zu Variabel verzinsliche Wertpapiere begeben werden.
Stückelung:	Die Wertpapiere können vorbehaltlich der Einhaltung aller geltenden gesetzlichen oder aufsichtsrechtlichen Voraussetzungen in einer beliebigen Stückelung begeben werden.
Währung:	Die Wertpapiere können unter dem Vorbehalt der Einhaltung aller geltenden gesetzlichen oder aufsichtsrechtlichen Voraussetzungen in einer beliebigen Währung begeben werden.
Übertragbarkeit:	Es bestehen bestimmte Angebots-, Verkaufs-, Handels- und Lieferungsbeschränkungen für die Wertpapiere sowie Beschränkungen für die Verbreitung von Angebotsunterlagen insbesondere in den USA, Japan, dem europäischen Wirtschaftsraum, Frankreich, Italien und Großbritannien.
Status und Rang:	Die Wertpapiere können als nachrangige Wertpapiere, nicht nachrangige Wertpapiere oder als Pfandbriefe ausgegeben werden. Wertpapiere, die als nicht nachrangige und nicht besicherte Verbindlichkeiten begeben werden, stehen untereinander und mit sämtlichen anderen nicht nachrangigen und nicht besicherten, gegenwärtigen und zukünftigen Verbindlichkeiten der Emittentin im gleichen Rang, ausgenommen Verbindlichkeiten, die kraft Gesetzes Vorrang haben. Nachrangige Wertpapiere sind untereinander gleichrangig. Im Falle der Liquidation oder der Insolvenz der Emittentin gehen solche Verbindlichkeiten den Ansprüchen aller nicht nachrangigen Gläubiger der Emittentin im Range nach. Pfandbriefe sind gemäß dem deutschen Pfandbriefgesetz („**PfandBG**") gedeckt und stehen in gleichem Rang mit anderen Pfandbriefen der Emittentin.
Vorzeitige Rückzahlung:	Eine vorzeitige Rückzahlung aus steuerlichen Gründen ist für die Wertpapiere, soweit diese keine Pfandbriefe sind, zulässig. Nachrangige Wertpapiere können für die Emittentin das Recht vorsehen, diese zu kündigen und vorzeitig zurückzuzahlen, wenn die Wertpapiere nicht mehr als längerfristige nachrangige Verbindlichkeiten nach § 10 Abs. 5a Kreditwesengestz („**KWG**") zu qualifizieren sind.

Darüber hinaus können nicht nachrangige Wertpapiere vorzeitig zurückgezahlt werden, wenn für die Emittentin das Recht besteht, die Wertpapiere zu kündigen, und sie dieses ausübt (*Call*), oder, wenn für einen Gläubiger eines Wertpapieres das Recht besteht, die von ihm gehaltenen Wertpapiere zu kündigen und vorzeitig die Rückzahlung von der Emittentin zu verlangen, und er dieses ausübt (*Put*).

Verzinsung:	Die Wertpapiere können als festverzinsliche, variabel verzinsliche, strukturiert variabel verzinsliche oder unverzinsliche Wertpapiere begegeben werden. Im Fall von festverzinslichen Wertpapieren bleibt der Zinssatz während der Laufzeit unverändert. Im Fall von Stufenzins-Wertpapieren (steigend oder fallend) kann der Zinssatz zu jedem vereinbarten Zeitpunkt angepasst werden. Bei variabel verzinslichen Wertpapieren hängt der Zinssatz von der Entwicklung eines Referenzzinssatzes (z.B. EURIBOR oder LIBOR) und bei strukturiert variabel verzinslichen Wertpapieren von einem Basiszinssatz (z.B. dem 20 Jahre CMS-Satz) ab. Sowohl der Referenzzinssatz als auch der Basiszinssatz können dabei durch einen Höchstzinssatz (cap) oder einen Mindestzinssatz (floor) oder beides begrenzt werden oder mit einem Faktor multipliziert werden (Hebel). Die Zinsen auf die Wertpapiere sind an jedem Zinszahlungstag (im Fall von festverzinslichen Wertpapieren) oder variablen Zinszahlungstag (im Fall von variabel verzinslichen und strukturiert variabel verzinslichen Wertpapieren) zahlbar. Verzinsungsbeginn ist regelmäßig der Tag der Begebung der Wertpapiere.
Rückzahlung:	Sofern die Wertpapiere nicht vorzeitig zurückgezahlt oder zurückgekauft werden, werden sie am Fälligkeitstag zu ihrem Rückzahlungsbetrag, oder im Fall von Nullkupon-Wertpapieren zu ihrem Amortisationsbetrag zurückgezahlt.
Rendite:	Die Höhe der Rendite, der Zeitpunkt an dem die Rendite bestimmt werden kann sowie die Berechnungsmethode hängen von der Art der zu begebenden Wertpapiere ab. Im Fall von festverzinslichen Wertpapieren, Stufenzins-Wertpapieren (steigend oder fallend) und Nullkupon-Wertpapieren kann die Rendite zum Tag der Begebung ermittelt werden. Die Rendite für variabel verzinsliche oder strukturiert variabel verzinsliche Wertpapiere kann nicht zum Tag der Begebung ermittelt werden, da die Höhe der jeweiligen Zinszahlungen zu diesem Zeitpunkt

	noch nicht feststeht. Für diese Wertpapiere kann die Rendite erst nach der Rückzahlung bestimmt werden.
Gläubigerbeschlüsse:	Für die Wertpapiere kann vorgesehen sein, dass die Anleihebedingungen der Wertpapiere, die das Verhältnis zwischen der Emittentin und den Gläubigern regeln und die der/den maßgeblichen Globalurkunde/n angefügt sind, durch Mehrheitsbeschluss der Gläubiger gemäß dem Schuldverschreibungsgesetz („**SchVG**") geändert werden können. Es kann auch eine Regelung zum gemeinsamen Vertreter der Gläubiger enthalten sein.
Zulassung zum Handel:	Die Emittentin kann einen Antrag auf Notierung der Wertpapiere auf der Official List der Luxemburger Wertpapierbörse und auf Zulassung zum Handel am regulierten Markt der Luxemburger Wertpapierbörse stellen. Darüber hinaus ist es möglich, die Wertpapiere an einer anderen oder weiteren Wertpapierbörse oder die Wertpapiere an keiner Börse zuzulassen.

Abschnitt D: Risiken

Emittentenbezogene Risikofaktoren

Die im Folgenden beschriebenen Risiken umfassen die wesentlichen Risiken der Norddeutsche Landesbank – Girozentrale – als Kreditinstitut sowie aus Konzerngesamtsicht in ihrer Funktion als Konzernmutter für ihre als Kreditinstitut tätigen Töchter Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Norddeutsche Landesbank Luxembourg S.A., NORD/LB Covered Finance Bank S. A. und Deutsche Hypothekenbank (Actien-Gesellschaft) (in diesem Abschnitt auch die ***„NORD/LB und ihre Tochtergesellschaften"****). Die Norddeutsche Landesbank – Girozentrale – definiert als wesentliche Risiken alle die Risiken, die ihre wirtschaftlichen Mittel, ihre Ertragslage, ihre Liquiditätsausstattung oder das Erreichen ihrer strategischen Ziele negativ beeinflussen können. Diese Risiken können ihre Fähigkeit einschränken, ihre Pflichten aus den Wertpapieren gegenüber den Anlegern zu erfüllen.*

Die NORD/LB und ihre Tochtergesellschaften unterliegen beträchtlichen Adress- und Marktrisiken, die in Zeiten von Finanzkrisen und Rezessionen wie zwischen 2007 und 2009 noch verstärkt werden.

Veränderungen bei den Zinssätzen sind durch viele Faktoren verursacht, für die die Emittentin nicht verantwortlich ist, und diese können sich wesentlich nachteilig auf ihr Finanzergebnis auswirken, einschließlich des Zinsergebnisses, das den Hauptteil ihres Betriebsergebnisses darstellt.

Die NORD/LB und ihre Tochtergesellschaften unterliegen Liquiditätsrisiken.

Ungünstige Veränderungen des Credit Ratings der NORD/LB und ihrer Tochtergesellschaften könnten zu erhöhten Refinanzierungskosten führen sowie den Zugang zu den Kapitalmärkten beeinflussen.

Die Risikomanagementvorschriften, -verfahren und -methoden der Emittentin können sie unter Umständen unbekannten oder unerwarteten Risiken ausgesetzt sein lassen, die zu wesentlichen Verlusten führen könnten.

Die zur Bewertung des Vermögens der NORD/LB und ihrer Tochtergesellschaften verwendeten Annahmen, Beurteilungen und Schätzungen können sich als unzuverlässig erweisen.

Die NORD/LB und ihre Tochtergesellschaften unterliegen operationellen Risiken wie z.B. Betrug, Fehlverhalten von Kunden oder Mitarbeitern, Sicherheitsverstößen, technischen und informationstechnischen Fehlern oder Fehlfunktionen sowie anderen nachteiligen Ereignissen, von denen viele ganz oder teilweise außerhalb ihrer Einflussmöglichkeiten liegen.

Risikofaktoren bezüglich regulatorischer Aspekte im Zusammenhang mit Kreditinstituten im Allgemeinen

Aufsichtsrechtliche Änderungen oder Eingriffe könnten sich auf das Geschäft der NORD/LB und ihrer Tochtergesellschaften nachteilig auswirken.

Die weltweite Finanzkrise hat im In- und Ausland zu steigender aufsichtsrechtlicher Tätigkeit geführt, um eine Neuregulierung oder eine strengere Durchsetzung der bestehenden Regulierung des Finanzsektors zu erreichen, was sich maßgeblich auf die Compliance-Kosten auswirkt und die Aktivität der Finanzinstitute maßgeblich beeinträchtigt.

Maßnahmen der Regierungen und Zentralbanken als Reaktion auf die Finanzkrise beeinträchtigen den Wettbewerb maßgeblich und können die rechtliche oder wirtschaftliche Position der Investoren beeinträchtigen.

Die Rechte der Inhaber der Wertpapiere können nachteilig von etwaigen Maßnahmen des Gesetzes zur Restrukturierung und geordneten Abwicklung von Kreditinstituten, zur Errichtung eines Restrukturierungsfonds für Kreditinstitute und zur Verlängerung der Verjährungsfrist der aktienrechtlichen Organhaftung („**RStruktG**") oder des Zweiten Gesetzes zur Umsetzung eines Maßnahmenpakets zur Stabilisierung des Finanzmarktes („**FMStG**") beeinflusst werden.

Risikofaktoren in Bezug auf die Wertpapiere

Die Wertpapiere sind nicht notwendigerweise für alle Arten von Investoren geeignet.

Die Wertpapiere werden unter Umständen nicht an einer Börse zugelassen oder – auch wenn sie an einer Börse zugelassen sind – möglicherweise nicht aktiv gehandelt, mit der Konsequenz, dass ein Investor nur eingeschränkte Verkaufsmöglichkeiten hat.

Der Marktpreis für die Wertpapiere kann erheblichen Schwankungen unterliegen, und ein Investor kann gezwungen sein, das finanzielle Risiko der Investition in die Wertpapiere bis zum Ende der Laufzeit zu tragen.

Investoren in Ländern mit einer anderen als der Währung der Wertpapiere sind dem zusätzlichen Risiko sich ändernder Wechselkurse ausgesetzt.

Die Materalisierung eines Kreditrisikos auf Seiten der Emittentin kann zu einem teilweisen oder vollständigen Ausfall der Emittentin bei Zinszahlungen oder der Kapitalrückzahlung und zu einem Verlust bis hin zum Totalverlust auf Seiten des Investors führen.

Ratings im Hinblick auf die Kreditwürdigkeit sind keine Empfehlungen zum Kauf, Verkauf oder Halten von Wertpapieren und können jederzeit aufgehoben, geändert oder zurückgenommen werden. Jede Ratingänderung hinsichtlich der Kreditwürdigkeit der Emittentin oder der Wertpapiere kann negative Auswirkungen auf den Marktwert der Wertpapiere haben.

Provisionen, Gebühren und andere Kosten können den Ertrag aus den Wertpapieren schmälern.

Steuern, Abgaben und Gebühren können den Ertrag aus den Wertpapieren schmälern.

Zahlungen in Bezug auf die Wertpapiere können einer Quellensteuer gemäß den US Steuerbestimmungen des *Foreign Account Tax Compliance Act* („**FATCA**") unterliegen. In einem solchen Fall ist weder die Emittentin noch eine Zahlstelle oder eine andere Person verpflichtet, einen Ausgleich dieser Abzüge vorzunehmen, so dass ein solcher möglicher Steuerabzug zu Lasten von Gläubigern ginge.

Gesetzesänderungen können einen negativen Einfluss auf die Investition in die Wertpapiere haben und die Rückzahlung und/oder Zinszahlungen gefährden.

Die Realverzinsung aus der Investition kann durch Inflation verringert werden.

Der historische Wert der Wertpapiere kann nicht als Indikator für eine mögliche Wertentwicklung für die Zukunft herangezogen werden.

Verbindlichkeiten der Emittentin aus nachrangigen Wertpapieren werden allen Forderungen nicht nachrangiger Gläubiger der Emittentin untergeordnet.

Zinsänderungen können einen negativen Einfluss auf den Wert von festverzinslichen Wertpapieren und Stufenzins-Wertpapieren (steigend oder fallend) haben.

Zinsänderungen können den Wert von Nullkupon-Wertpapieren negativ beeinflussen und sich unter Umständen stärker auswirken, als dies bei festverzinslichen Wertpapieren der Fall wäre.

Der Inhaber von variabel verzinslichen und strukturiert variabel verzinslichen Wertpapieren ist den Risiken sich ändernder Zinsniveaus ausgesetzt. Wenn variabel verzinsliche oder strukturiert variabel verzinsliche Wertpapiere auf ein bestimmtes Zinsniveau begrenzt sind, profitiert der Anleger nicht von einer Steigerung des Referenz- / oder Basiszinssatzniveaus über dieser Grenze.

Bei Wertpapieren mit einer festen und variablen Verzinsung kann die Emittentin eine feste Verzinsung in eine variable Verzinsung oder strukturiert variable Verzinsung oder umgekehrt während der Laufzeit der Wertpapiere wechseln. Bei einem solchen Wertpapier ist der Investor sowohl Risiken von festverzinslichen Wertpapieren als auch Risiken von variabel verzinslichen oder strukturiert variabel verzinslichen Wertpapieren ausgesetzt.

Die Emittentin hat das Recht, unter bestimmten Umständen bestimmte Wertpapiere vorzeitig zurückzuzahlen. Im Falle einer vorzeitigen Rückzahlung besteht die Möglichkeit, dass der Investor eine geringere als die erwartete Rendite für das investierte Kapital erhält.

Sollte das SchVG auf die Wertpapiere Anwendung finden, können die Bedingungen solcher Wertpapiere durch Mehrheitsbeschluss ohne Zustimmung des einzelnen Inhabers der Wertpapiere modifiziert werden.

Abschnitt E: Angebot

Gründe für das Angebot und Verwendung der Emissionserlöse:	Sofern es nicht anderweitig in den Endgültigen Bedingungen angegeben ist, verwendet die Emittentin die Emissionserlöse der unter diesem Prospekt zu begebenden Wertpapiere zur Finanzierung ihrer allgemeinen Geschäftstätigkeit.
Bedingungen des Angebots:	Die Emittentin behält sich das Recht vor, von dem bereits begonnenen Angebot der Wertpapiere, gleich aus welchem Grund, Abstand zu nehmen.
Interessen von Seiten natürlicher und juristischer Personen, die an der Emission beteiligt sind:	Manche der Platzeure (*dealer*) und deren verbundene Unternehmen können möglicherweise Kunden der Emittentin, Kreditgeber der Emittentin oder Schuldner der Emittentin und ihrer Tochtergesellschaften sein. Außerdem sind einige der Platzeure und deren verbundene Unternehmen in der Vergangenheit Investment Banking- und/oder Commercial Banking-Transaktionen mit der Emittentin und ihren verbundenen Unternehmen eingegangen und werden dies möglicherweise auch in der Zukunft tun und könnten möglicherweise im Rahmen des normalen Geschäftgangs Leistungen für die Emittentin und ihre verbundenen Unternehmen erbringen.

Abschnitt F: Weitere Informationen

Wesentliche Finanzangaben der NORD/LB Gruppe:

Der ungeprüfte Konzernzwischenabschluss für den Zeitraum vom 1. Januar 2012 bis zum 31. März 2012 wies ein Konzernergebnis für den NORD/LB Konzern in Höhe von 118 Millionen EUR aus. Die Bilanzsumme des NORD/LB Konzerns zum 31. März 2012 betrug 224.392 Millionen EUR. Das Kernkapital für Solvenzzwecke (gemäß §10 i.V.m. §10a KWG) zum 31. März 2012 betrug 8.293 Millionen EUR, entsprechend hierzu lag die Kernkapitalquote bei 10,21 Prozent. Das aufsichtsrechtliche Eigenkapital (anrechenbare Eigenmittel gemäß §10 KWG) zum 31. März 2012 betrug 10.851 Millionen EUR. Die Kennzahl Return-on-Equity, definiert als Ergebnis vor Steuern (abzüglich Zinsaufwand für stille Einlagen im bilanziellen Eigenkapital) bezogen auf das nachhaltige handelsrechtliche Eigenkapital (gezeichnetes Kapital zuzüglich Kapitalrücklagen, Gewinnrücklage und Minderheitsanteile abzüglich stille Einlagen im bilanziellen Eigenkapital), betrug zum 31. März 2012 11,5 Prozent. Die Cost-Income-Ratio (definiert als Verhältnis des Verwaltungsaufwandes zur Summe folgender Erträge: Zinsüberschuss, Provisionsüberschuss, Ergebnis aus erfolgswirksam zum Fair Value bewerteten Finanzinstrumenten, Ergebnis aus Hedge Accounting, Ergebnis aus at Equity bewerteten Unternehmen sowie Sonstiges betriebliches Ergebnis) betrug zum 31. März 2012 56,4 Prozent.

Die vorgenannten Angaben wurden dem ungeprüften Konzernzwischenabschluss des NORD/LB Konzerns für die zum 31. März 2012 endende Periode entnommen.

Das Konzernergebnis des NORD/LB Konzerns für das Geschäftsjahr 2011 betrug 536 Millionen EUR. Die Bilanzsumme des NORD/LB Konzerns zum 31. Dezember 2011 betrug 227.630 Millionen EUR. Das Kernkapital für Solvenzzwecke (gemäß §10 i. V.m. §10a KWG) zum 31. Dezember 2011 betrug 8.005 Millionen EUR, entsprechend hierzu lag die Kernkapitalquote bei 9,44 Prozent. Das aufsichtsrechtliche Eigenkapital (anrechenbare Eigenmittel gemäß § 10 KWG) zum 31. Dezember 2011 betrug 10.727 Millionen EUR. Die Kennzahl Return-on-Equity, definiert als Ergebnis vor Steuern (abzüglich Zinsaufwand für stille Einlagen im bilanziellen Eigenkapital) bezogen auf das nachhaltige handelsrechtliche Eigenkapital (gezeichnetes Kapital zuzüglich Kapitalrücklage, Gewinnrücklagen und Minderheitsanteile abzüglich stille Einlagen im bilanziellen Eigenkapital), betrug für das Jahr 2011 10,6 Prozent.

Die Cost-Income-Ratio (definiert als Verhältnis des Verwaltungsaufwandes zur Summe folgender Erträge: Zinsüberschuss, Provisionsüberschuss, Ergebnis aus erfolgswirksam zum Fair Value bewerteten Finanzinstrumenten, Ergebnis aus Hedge Accounting, Ergebnis aus at Equity bewerteten Unternehmen sowie Sonstiges betriebliches Ergebnis) betrug für das zum 31. Dezember 2011 endende Jahr 52,8 Prozent.

Die vorgenannten Angaben wurden dem geprüften Konzernabschluss des NORD/LB Konzerns für das zum 31. Dezember 2011 endende Jahr entnommen.

II. RISK FACTORS

*The following description relates to instruments to be issued under the prospectus relating to the EUR 25,000,000,000 Programme for the Issuance of Debt Instruments of Norddeutsche Landesbank – Girozentrale – (the "**Instruments**"). Prior to making any investment decision regarding Instruments to be issued under the prospectus relating to the EUR 25,000,000,000 Programme for the Issuance of Debt Instruments of Norddeutsche Landesbank – Girozentrale – (the "**Programme**"), potential investors should take into account the following description of risks relating to Norddeutsche Landesbank – Girozentrale – (the "**Issuer**") in its role as Issuer and to the Instruments to be issued under the prospectus relating to the Programme (the "**Prospectus**"), together with all other information included in this Prospectus, including the applicable final ferms relating to a specific issue of Instruments (the "**Final Terms**"). An investment in any Instrument to be offered under this Prospectus should only be made after all the relevant facts pertaining to the Instruments in question, in particular the following risk factors have been taken note of and carefully examined. In addition, potential investors should be aware that the risks described herein may coincide and thus intensify.*

The risks described below do not replace the essential individual financial and investment advice from a bank or financial and investment services provider as to the risks associated with, and the consequences of, the purchase, the ownership and the disposition of Instruments, including the effect of any laws of any country investors are resident in, prior to any decision to invest in the Instruments.

1. Risk factors relating to the Issuer

*The risks described below contain the material risks of Norddeutsche Landesbank – Girozentrale – as a financial institution and from a group perspective in its capacity as parent company for its subsidiaries acting as financial institutions, namely Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Norddeutsche Landesbank Luxembourg S.A., NORD/LB Covered Finance Bank S.A. and Deutsche Hypothekenbank (Actien-Gesellschaft) (also referred to in this section as "**NORD/LB and its Subsidiaries**"). Norddeutsche Landesbank – Girozentrale – defines as material all relevant risks, which could have a negative impact on its resources, earnings, the liquidity position or the achievement of its strategic goals. These risks may limit the Issuer's ability to fulfil its obligations towards investors under the Instruments.*

NORD/LB and its Subsidiaries are subject to significant counterparty and market price risks and such risks are exacerbated by periods of financial crisis and recession like those experienced from 2007 to 2009.

NORD/LB and its Subsidiaries are exposed to counterparty risk, *inter alia* to the credit risk of third parties, primarily with regard to the traditional lending and deposit-taking business, but also, to a lesser extent, to non-traditional businesses such as derivative transactions, securities, owning securities of third parties, and other credit arrangements. This exposes them to the risk of counterparty defaults, which have historically been aggravated during periods of economic downturn like that experienced from 2007 to 2009. While the clients would be responsible for losses incurred in taking positions for their accounts, NORD/LB and its Subsidiaries may be exposed to additional credit risk as a result of their need to cover the losses. The business may also suffer if clients lose money and NORD/LB and its Subsidiaries lose the confidence of clients in their products and services.

Another form of credit risk is the political risk, whereby difficulties arise in the country in which the exposure is domiciled, thus impending or reducing the value of the assets, or where the counterparty may be the country itself. Credit risk may also be manifested as settlement risk, which is the possibility that a bank may pay funds to a counterparty but fail to receive the corresponding settlement in return. NORD/LB and its Subsidiaries are exposed to many different industries and counterparties in the normal course of their business, but the exposure to counterparties in the financial services industry is particularly significant. This exposure can arise through trading, lending, deposit-taking, clearance and settlement and many other activities and relationships. These counterparties include municipal savings banks, financial services firms, commercial banks, investment banks, mutual funds and other institutional clients. Many of these relationships expose NORD/LB and its Subsidiaries to credit risk in the event of default of a counterparty and to systemic risk affecting their counterparties. Where NORD/LB and its Subsidiaries hold collateral against counterparty exposures, they may not be able to realize it or liquidate it at prices sufficient to cover the full exposures. Many of the hedging and other risk management strategies utilized by the Issuer also involve transactions with financial services counterparties. The failure of these counterparties to settle or the perceived weakness of these counterparties may impair the effectiveness of the Issuer's hedging and other risk management strategies.

NORD/LB and its Subsidiaries also establish provisions for loan losses, which are reflected in the provision for impairment losses in the consolidated income statement, in order to maintain appropriate allowances for loan losses based upon an assessment of prior loan loss experience, the volume and type of lending being conducted by each bank, industry standards, past due loans, economic conditions and other factors related to the collectability of each entity's loan portfolio. This determination is based primarily on NORD/LB's and its Subsidiaries' historical experience and judgment, and they may have to increase or decrease their provisions for loan losses in the future as a result of increases or decreases in non-performing assets or for other reasons. Any increase in the provision for loan losses, any loan losses in excess of the previously determined provisions with respect thereto or changes in the estimate of the risk of loss inherent in the portfolio of non-impaired loans could have a material adverse effect on the Issuer's business, results of operations or financial condition.

The worsening of the shipping crisis resulted in this sector in a notable increase in allowances for exposures and loan loss provisions. Because of the actual situation on the global market Norddeutsche Landesbank – Girozentrale – acts on the assumption of a difficult market environment and market uncertainities.

NORD/LB and its Subsidiaries make equity investments in companies to secure or improve their market position. This exposes them to investment or participation risk. There can be no assurance that an investment will actually accomplish the strategic objective. Furthermore, there may be losses in value of an investment because of unforeseen developments in the market or in the investment target or if the participation management of Norddeutsche Landesbank – Girozentrale – was to turn out insufficient. Norddeutsche Landesbank – Girozentrale – may also have to cover or decide to cover losses generated at an affiliate or other investment target and such losses could exceed the book value of an investment.

NORD/LB and its Subsidiaries are also exposed to market price risk as a consequence of their open positions in the foreign exchange, interest rate and capital markets. The risk is linked to variations in financial results due to fluctuations in market prices or exchange rates. Market price risk in the trading portfolio arises through trading activities in the interest rate, foreign exchange and equity markets. Market price risk in the banking portfolio arises from differences in interest periods. In periods of volatility, significant profits on trading can be followed by periods of losses on trading. NORD/LB and its Subsidiaries may suffer material losses if they cannot close out deteriorating positions in a timely manner, in particular with respect to illiquid assets such as assets not traded on stock exchanges or other public trading markets such as derivatives contracts between banks.

NORD/LB and its Subsidiaries conduct substantial amounts of their business in currencies other than the Euro, most importantly in U.S. dollars which is the predominant currency used in the ship financing and aircraft financing segments of its business. This exposes NORD/LB and its Subsidiaries to foreign currency translation risks and foreign currency transaction risks. Foreign exchange effects can significantly affect the Issuer's income. To the extent the Issuer continues to recognize operating income in currencies other than Euro, it will encounter foreign exchange risk, which could have a material adverse effect on its business, results of operations or financial condition.

If any of the Issuer's instruments and strategies for hedging or otherwise managing its exposure to credit, counterparty or market price risk is not effective, it may not be able to effectively mitigate its risk exposures. The Issuer's financial results are also dependent upon how effectively it determines and assesses the cost of credit and manages its credit risk, counterparty risk and market price risk concentrations. To the extent its assessments of migrations in credit quality and of risk concentrations, or its assumptions or estimates used in establishing its valuation models for the fair value of the Issuer's assets and liabilities or in determining the appropriate level of its loan loss allowances and other risk allowances prove inaccurate or not predictive of actual results, the Issuer could suffer higher than expected credit, trading or investment losses. This in turn could have a material adverse effect on its business, results of operations or financial condition.

Changes in interest rates are caused by many factors beyond the Issuer's control and such changes can have significant adverse effects on its financial results, including its net interest income, which represents the majority of its operating income.

The Issuer derives the majority of its operating income from net interest income. Interest rates are sensitive to many factors beyond the Issuer's control, such as monetary policies pursued by central banks and national governments, the liberalization of financial services and increased competition in the markets in which the Issuer operates, domestic and international economic and political conditions, and other factors. Changes in interest rates could affect the spread between interest rates charged on interest-earning assets and interest rates paid on interest-bearing liabilities, which in turn could affect the level of the Issuer's net interest income. Moreover, the composition of the Issuer's assets and liabilities, and any gap position resulting from the composition, causes its net interest income to vary with changes in interest rates. A mismatch of interest-earning assets and interest-bearing liabilities in any given period could, in the event of changes in interest rates, reduce the Issuer's interest margin and have a material adverse effect on its net interest income and thereby on its business, results of operations or financial condition.

NORD/LB and its Subsidiaries are subject to liquidity risks.

NORD/LB and its Subsidiaries are subject to liquidity risks, i.e., risks that they are unable to meet their obligations as they fall due as a result of a sudden and protracted increase in cash outflows. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances lack of liquidity could result in reductions in balance sheet and sales of assets, or potentially an inability to fulfill lending commitments. These risks are inherent in all banking operations and can be affected by a range of institution-specific and market-wide events. The current budget crises in certain member states of the European Monetary Union, despite the rescue packages provided by the European Union for Greece, Ireland and Portugal, pose the risk of further countries requiring support and a prolonged loss of confidence in the financial markets.

During periods of market dislocation, the Issuer's ability to manage liquidity requirements may be impacted by a reduction in the availability of wholesale term funding as well as an increase in the cost of raising wholesale funds. Asset sales, balance sheet reductions and the increasing costs of raising funding will affect its earnings.

In illiquid markets, NORD/LB and its Subsidiaries may decide to hold assets rather than securitizing, syndicating or disposing of them. This could affect their ability to originate new loans or support other customer transactions as both capital and liquidity are consumed by existing or legacy assets.

Each of the above factors could have a material adverse effect on the Issuer's business, results of operations or financial conditions.

Unfavorable developments in the Issuer's or a subsidiary's credit rating would increase their funding costs and affect their ability to access capital markets.

As of the date of this Prospectus, the rating assigned to the Issuer by Fitch Deutschland GmbH, Taunusanlage 17, 60325 Frankfurt am Main[1], Germany is "F1" on its short-term debt, and "A" on its long-term debt, with a "stable" outlook. The "outlook" reflects the rating agency's short term expectation with respect to the rating assigned to the Issuer. The rating assigned by Moody's Deutschland GmbH, An der Welle 5, 60322 Frankfurt am Main, Germany[1] is "P-2" on the Issuer's short-term debt and "A3" on its long-term debt.

Several other companies in the Group, including Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Norddeutsche Landesbank Luxembourg S.A. and Deutsche Hypothekenbank (Actien-Gesellschaft) also issue securities on a regular basis and are or may be rated separately.

In determining the rating assigned to the Issuer, the agencies examine several performance indicators of the Issuer, including profitability and the ability to maintain its consolidated capital ratios. In the event that the Issuer does not achieve or maintain certain performance measures, or maintain its capital ratios above certain levels, one or more of the ratings assigned to the Issuer or to any subsidiary may be lowered. In addition, if the sovereign debt of Germany – the Issuer's primary market – were to suffer a downgrade, it could affect the Issuer's rating and market perceptions of the Issuer's creditworthiness.

[1] Fitch Deutschland GmbH and Moody's Deutschland GmbH have been established in the European Union and have been registered under Regulation (EC) no 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies.

A downgrading of the ratings assigned to the Issuer or to any subsidiary could potentially increase their funding costs, limit their funding resources and negatively impact their access to liquidity and therefore have a material adverse effect on their business, results of operation or financial condition.

The Issuer's risk management policies, procedures and methods may leave it exposed to unidentified or unanticipated risks, which could lead to material losses.
The Issuer devotes significant resources to developing risk management policies, procedures and assessment methods for its banking and other businesses. Nonetheless, the risk management techniques and strategies applied by the Issuer may not be fully effective in mitigating risk exposure in all economic market environments or against all types of risk. To develop and refine the Issuer's risk management, the Issuer is required to make assumptions, judgments and estimates to identify and anticipate risks, quantify risk exposures and determine its risk-bearing capacity. Unanticipated or incorrectly quantified risk exposures could result in material losses, which could have a material adverse effect on the Issuer's business, results of operations or financial condition.

The assumptions, judgments and estimates used to value the assets of NORD/LB and its Subsidiaries may prove unreliable.
Under IFRS, NORD/LB and its Subsidiaries apply fair value based measurement methods when financial assets and financial liabilities are recognized for the first time. Generally, in order to establish the fair value of these instruments, they rely on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models that utilize observable market data. In certain circumstances, the market data for individual financial instruments or classes of financial instruments utilized by such valuation models may not be available or may become unavailable due to adverse market conditions, as has been the case over the past several years. In such circumstances, their internal valuation models require NORD/LB and its Subsidiaries to make assumptions, judgments and estimates in order to establish fair value. Assets that are not publicly traded, such as derivative contracts, may be assigned values that are calculated by using mathematical models. In common with other financial institutions, these internal valuation models are complex, and the assumptions, judgments and estimates NORD/LB and its Subsidiaries are required to make often relate to matters that are inherently uncertain, such as expected cash flows, the ability of borrowers to service debt, property appreciation and depreciation, and relative levels of defaults and deficiencies. Such assumptions, judgments and estimates may prove unreliable and may need to be updated to reflect changing trends and market conditions. The resulting change in fair values of the financial instruments could have a material adverse effect on the business, results of operations or financial condition of NORD/LB and its Subsidiaries.

NORD/LB and its Subsidiaries are subject to operational risks, including fraud, misconduct by clients or employees, security breaches, technical and information technology errors or failures and other adverse events, many of which are wholly or partially beyond their control.
NORD/LB and its Subsidiaries, like all financial institutions, are exposed to many types of operational risk, including the risk of fraud or other misconduct by employees or outsiders, unauthorized transactions by employees or operational errors, including clerical or record-keeping errors or errors resulting from faulty computer or telecommunications systems. They are highly dependent on the Issuer's ability to process, on a daily basis, a large number of transactions across numerous diverse markets in many currencies and some of these transactions have become increasingly complex. Given the high volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified.

In addition, the dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect. If any of these systems fail to operate properly, or are disabled, it could have a material adverse effect on the business, results of operations or financial condition of NORD/LB and its Subsidiaries.

Moreover, NORD/LB and its Subsidiaries may be subject to disruptions of their operating systems, or of the infrastructure that supports it, arising from events that are wholly or partially beyond their control. This includes, but is not limited to, disruptions caused by terrorist activities, computer viruses, disease pandemics, electrical or telecommunication outages, transportation or other services used by the Issuer or third parties with whom they conduct business. Any of these disruptions could give rise to losses in service to their customers and to loss or liability to NORD/LB and its Subsidiaries.

NORD/LB and its Subsidiaries are further exposed to the risk that external vendors may be unable to fulfill their contractual obligations to them (or that external vendors will be subject to the risk of fraud or operational errors by their respective employees), and to the risk that their (or their vendors') business continuity and data security systems could prove ineffective. NORD/LB and its Subsidiaries also face the risk that the design of their controls and procedures could prove inadequate, or are circumvented, thereby causing delays in detection or errors in information. Although they maintain a system of controls designed to keep operational risk at appropriate levels, NORD/LB and its Subsidiaries have suffered losses from operational risk and there can be no assurance that they will not suffer losses from operational risk in the future.

2. Risk factors relating to regulatory aspects concerning credit institutions in general

Regulatory changes or enforcement initiatives could adversely affect the business of NORD/LB and its Subsidiaries.
NORD/LB and its Subsidiaries are subject to banking and financial services laws and government regulation in each of the jurisdictions in which they conduct business. Regulatory agencies have broad administrative power over many aspects of the financial services business, which may include liquidity, capital adequacy and permitted investments, ethical issues, money laundering, privacy, record keeping, and marketing and selling practices. Banking and financial services laws, regulations and policies currently governing NORD/LB and its Subsidiaries may change at any time in ways which have an adverse effect on their business. Furthermore, changes in existing banking and financial services laws and regulations may materially affect the way in which they conduct business, the products or services they may offer and the value of their assets.

In October 2011, the European Banking Authority (EBA) published as a result of the worsening national debt crisis new more stringent requirements. According to these, various European financial institutions must have a hard core capital ratio of at least 9 per cent. as at 30 June 2012. In the calculation silent participations were not included as core capital instruments and an additional buffer for market value losses for commitments to countries in the European Economic Area was considered. Based on these specifications which are well above regulatory requirements, the European Banking Authority (EBA) calculated as at 8 December 2011 a capital requirement of approximately EUR 2,489 million for Norddeutsche Landesbank – Girozentrale –.

In reaction to this, Norddeutsche Landesbank – Girozentrale – boosted its capital stock, as planned in April 2011 and is restructuring some of its existing silent participations. A corresponding concept was sent to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungs-aufsicht* ("**BaFin**")) in January 2012.

In addition, regulatory agencies have the power to bring administrative or judicial proceedings against NORD/LB and its Subsidiaries, which could result, among other things, in suspension or revocation of their licenses, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action.

Such proceedings and/or other regulatory initiatives or enforcement actions could have a material adverse effect on the financial services business, results of operations or financial condition of NORD/LB and its Subsidiaries.

The global financial crisis has led to an increase in regulatory activity at national and international levels to adopt new and more strictly enforce existing regulation for the financial sector, which has a significant effect on the compliance costs and may significantly affect the activity levels of financial institutions.
The financial crisis in particular has led many governments and international organizations to propose and, in certain cases, adopt significant changes to bank regulations. Many of these changes, such as the implementation of the 2010 reform measures (*Basel III*), developed by the Basel Committee to the New Basel Capital Accord on capital requirements for financial institutions (*Basel II*), are on-going and will lead to higher requirements, particularly in terms of minimum capital resources, in the future. NORD/LB and its Subsidiaries are required to comply with banking regulations and maintain adequate capital resources in order to operate their business.

Areas where changes could have a particular impact on the Issuer's business include:

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy that may significantly influence investor decisions, in particular markets in which the Issuer operates;
- general changes in regulatory requirements, for example, prudential rules relating to the capital adequacy framework and rules designed to promote financial stability and increase depositor protection;
- changes in competition and pricing environments;
- further developments in the financial reporting environment;
- differentiation among financial institutions by governments with respect to the extension of guarantees to customer deposits and the terms attaching to those guarantees; and
- implementation of, or costs related to, local customer or depositor compensation or reimbursement schemes.

Implementation of such regulatory changes will increase the cost of compliance for NORD/LB and its Subsidiaries and other financial institutions which may affect their result of operations. Moreover, depending on the type of regulatory changes, they could lead to reduced levels of activity for financial institutions, which could significantly impact the business, financial condition and results of operations of NORD/LB and its Subsidiaries.

If the Issuer fails to address, or appears to fail to address, appropriately any changes or initiatives in banking regulation, its reputation could be harmed and it could be subject to additional legal risk, which could, in turn, increase the size and number of claims and damages asserted against it or subject it to enforcement actions, fines and penalties.

Governmental and central bank action in response to the financial crisis significantly affects competition and may affect the legal or economic position of investors.
In response to the financial markets crisis, there has been significant intervention by governments and central banks into the financial services sector, including the taking of direct shareholdings in individual financial institutions and contributions of other forms of capital to, guarantees of debt of and purchases of distressed assets from financial institutions. In some instances, individual financial institutions have been nationalized. The eligibility to benefit from such measures is in some instances tied to certain commitments of the participating bank, such as lending to certain types of borrowers, adjustments to the bank's business strategy, suspension of dividends and other profit distributions and limitations on the compensation of executives.

Such interventions involve significant amounts of money and have significant effects on both institutions that participate in them and institutions that do not participate including with respect to access to funding and capital and recruiting and retention of talent. Institutions such as NORD/LB and its Subsidiaries that do not receive such government support may be in a position to preserve greater autonomy in their strategy, lending and compensation policy but may suffer competitive disadvantages on their cost base, in particular their costs of funding and capital. However, they also may suffer a decline in depositor or investor confidence thus risking a loss of liquidity.

The implementation of any such measures with respect to other companies could adversely affect the perception of the overall prospects for the financial services sector or for a particular type or types of financial instruments. In such case the price for the financial instruments of NORD/LB and its Subsidiaries could drop and their costs of funding and capital could rise, which could have a material adverse effect on their business, results of operations, or financial condition.

Rights of the holders may be adversely affected by measures pursuant to the RStruktG or the FMStG.
As a German credit institution, the Issuer is subject to the RStruktG which, *inter alia*, introduced special restructuring schemes for German credit institutions consisting of as of 1 January 2011: (i) the restructuring procedure (*Sanierungsverfahren*) pursuant to § 2 et seqq. of the of the Financial Institutions Restructuring Act (*Kreditinstitute-Reorganisationsgesetz* ("***KredReorgG***")), (ii) the reorganisation procedure (*Reorganisationsverfahren*) pursuant to § 7 et seq. of the KredReorgG, and (iii) the transfer order (*Übertragungsanordnung*) pursuant to § 48a et seq. of the German Banking Act (*Kreditwesengesetz (KWG)*) (the "**Transfer Order**").

Whereas a restructuring procedure may generally not interfere with rights of creditors, the reorganisation plan established under a reorganisation procedure may provide for measures that affect the rights of the credit institution's creditors including a reduction of existing claims or a suspension of payments. Such measures may, however, not affect the asset pool serving as cover for Pfandbriefe. The measures proposed in the reorganisation plan are subject to a particular majority vote mechanism of the creditors and shareholders of the respective credit institution. Furthermore, the KredReorgG stipulates detailed rules on the voting process and on the required majorities and to what extent negative votes may be disregarded. Measures pursuant to the KredReorgG are instituted only upon the respective credit institution's request and respective approval by BaFin and the competent higher regional court (*Oberlandesgericht*).

If the existence of the relevant credit institution is endangered (*Bestandsgefährdung*) and this in turn endangers the stability of the financial system (*Systemgefährdung*), the BaFin may issue a Transfer Order pursuant to which the credit institution will be forced to transfer whole or parts of its business activities, assets or liabilities to a so-called bridge bank (*Brückenbank*).

Claims of the holders may be affected by the reorganisation plan which can be adopted by a particular majority vote mechanism. In the context of a Transfer Order, the Issuer as initial debtor of the holders may be replaced by another debtor (which may have a fundamentally different risk assumption or creditworthiness than the Issuer). Alternatively, the claims of the holders may remain with the Issuer, but Issuer's assets, business and/or creditworthiness may not be identical and be materially prejudiced compared to the situation before the Transfer Order.

In addition, the German legislator has introduced the FMStG dated 24 February 2012 which has entered into force on 1 March 2012. Pursuant to such act, *inter alia*, the BaFin may impose regulatory measures on a German credit institution if the financial condition of such credit institution raises doubts whether such entity can comply with the capital or liquidity requirements of the German Banking Act (*Kreditwesengesetz* ("**KWG**")) on a permanent basis. Even though such regulatory measures may not directly interfere with holders' rights, the fact that BaFin applies such tool to a specific credit institution may have indirect negative effects, *e.g.* on pricing of instruments issued by such entity or on the entity's ability to refinance itself.

3. Risk factors relating to the Instruments

Instruments may not be a suitable investment for all types of potential investors.
Each potential investor in Instruments issued under this Prospectus must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Instruments, the merits and risks of investing in the relevant Instruments and the information contained or incorporated by reference in this Prospectus or any applicable supplement to this Prospectus pursuant to § 16 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) ("***WpPG***")) respectively (each, a "**Supplement**");

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Instruments and the impact the Instruments will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Instruments or where the currency for principal or interest payments is different from the potential investor's domestic currency;

(iv) understand thoroughly the terms of the relevant Instruments and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Instruments are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolio. A potential investor should not invest in Instruments which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Instruments will perform under changing conditions, the resulting effects on the value of the Instruments and the impact this investment will have on the potential investor's overall investment portfolio.

The Instruments may not be listed or even if listed may not be actively traded and an investor may, as a result, have a limited ability to sell the Instruments.
Instruments issued under this Prospectus may be listed or unlisted. Irrespective as to whether Instruments are listed or unlisted, there is no assurance that a liquid market for the Instruments will develop or, if existent, will continue to exist. The fact that Instruments are listed does not necessarily lead to greater liquidity. In an illiquid market, an investor may not be able to sell its Instruments at any time at fair market prices. Unless expressly agreed otherwise, the Issuer is under no obligation to redeem any Instruments prior to maturity.

The market price for the Instruments may be subject to significant fluctuations and an investor may have to bear the economic risk of the investment in the Instruments until the date of their maturity.
Irrespective of the risk that a liquid market for the Instruments will not develop or continue to exist, the movements in the price of listed Instruments depend on a wide variety of factors. These may, *inter alia*, include movements in the general market interest rate, macro-economic developments or demand in the market. Also, the price specified for an Instrument on the relevant stock exchange may be subject to significant fluctuations. The trading price of any Instrument may fall below its issue or purchase price.

For unlisted Instruments, it may be more difficult to obtain pricing information, which may adversely affect their liquidity. The possibility to sell unlisted Instruments may be additionally restricted for country-specific reasons.

In case of Instruments for which interest rates will be calculated at the end of an interest period, no accrued interest will be paid at the time of a sale of such Instruments. Therefore, the price of such Instruments will decrease on each interest payment date.

In the event of a sale of Instruments prior to maturity, a holder may lose all or part of the invested capital.

Investors in countries with currencies other than the currency of the Instruments face additional investment risks from currency exchange rate fluctuations.
If Instruments are denominated in a foreign currency, fluctuations in the exchange rate have a significant impact on any interest or principal payments a holder may receive in its domestic currency on the interest payment date(s) and on the maturity date, respectively.

For example, if Instruments are denominated in a currency other than the Euro in case of any fall in the exchange rate of such currency against the Euro (and a corresponding rise of the value of the Euro), the price of such Instruments and the value of interest and principal payments made thereunder expressed in Euro falls accordingly.

A materialisation of a credit risk may result in partial or total failure of the Issuer to make interest and/or redemption payments and the investor may suffer a loss or even total loss of its capital invested.
Any person who purchases the Instruments is relying upon the creditworthiness of the Issuer and has no rights against any other person. holders of Instruments are subject to the risk of a partial or total failure of the Issuer to make interest and/or redemption payments that the Issuer is obliged to make under the Instruments. The worse the creditworthiness of the Issuer, the higher the risk of loss.

Credit ratings are not recommendations to buy, sell or hold Instruments and may be subject to suspension, revision or withdrawal at any time. Any change in the credit rating of the Issuer or any Instruments could adversely affect the trading price of the Instruments.
Instruments issued under this Prospectus may be rated or unrated. Rating agencies may assign different ratings to different Series of Instruments issued under this Prospectus. The rating of any specific Series of Instruments may also differ from the rating that rating agencies have assigned to the

Issuer. A rating is not a recommendation to buy, sell or hold Instruments and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any change in the credit rating of the Issuer or any Instruments could adversely affect the trading price of the Instruments. In the event of a sale of the Instruments prior to maturity, a holder would then incur a partial or total loss of the invested capital.

Provisions, fees and other costs may reduce any return resulting from the Instruments.
Provisions, fees and other costs may reduce any return resulting from the Instruments. Potential investors should therefore, prior to any investment decision, consult their own financial advisers about any provisions, fees and other costs which are incurred when purchasing or while holding the Instruments.

Taxation, contributions and fees may reduce any return resulting from the Instruments.
Taxation, contributions and fees may reduce any return resulting from the Instruments. Taxation and its effects depend on the individual circumstances of the relevant holder. Prior to any investment decision, holders of Instruments should therefore obtain information from and consult their tax advisers on the tax consequences applying to their individual situation.

Payments under the Instruments may be subject to withholding tax pursuant to the US tax regulations of FATCA.
With respect to Instruments to be issued after 31 December 2012 by the Issuer and with respect to Instruments treated as equity for U.S. federal income tax purposes which may include subordinated Instruments and Instruments issued without a fixed maturity date that are outstanding at any time, the Issuer may, under certain circumstances, be required pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder to withhold U.S. tax at a rate of 30.00 per cent. on all or a portion of payments of principal and interest which are treated as "passthru payments" made to investors or foreign financial institutions unless such investor or payee foreign financial institution is FATCA compliant. In order to be FATCA compliant, the payee foreign financial institution would be required to enter into an agreement with the U.S. Internal Revenue Service and agree, among other things, to disclose the identity of certain U.S. account holders at the institution (or the institution's affiliates) and to annually report certain information about such accounts. Pursuant to FATCA, the definition of passthru payment includes a „withholdable payment (in general, any payment of U.S. source dividends or interest or the gross proceeds from the sale or other disposition of any property of the type that produces U.S. source dividends or interest), as well as any amount attributable to a withholdable payment". If the Issuer is required to withhold said U.S. tax rate, such amount will be deducted from any interest, principal or other payments on the Instruments, regardless of whether or not the holder has any relationship with the U.S. In such an event neither the Issuer nor any paying agent or any other person is required to compensate such a deduction so that such a potential tax withholding would be to the expense of a holder.

Guidance issued by the U.S. Internal Revenue Service indicates that with respect to Instruments that are not outstanding on 1 January 2013 or with respect to Instruments treated as equity for U.S. federal income tax purposes or Instruments without a fixed maturity date that are outstanding at any time, FATCA withholding tax of 30.00 per cent. will apply to foreign passthru payments made after 31 December 2016.

Changes of law may have an adverse impact on the investment in the Instruments and may compromise payments of principal and/or interest.
The terms and conditions of the Instruments are governed by German law. Any discussion of German law in this Prospectus is based on the laws and regulations of Germany in effect as of the date of this Prospectus and no assurance can be given as to the impact of possible judicial decisions or changes in German law or administrative practice after the date of this Prospectus which could have a negative impact on the payment of interest or the redemption amount of the Instruments.

The real yield from an investment is reduced by inflation.
The inflation risk is the risk of future money depreciation. The higher the rate of inflation, the lower the real yield on an Instrument. If the inflation rate is equal to or higher than the nominal yield, the real yield is zero or even negative.

The historic price of an Instrument should not be taken as an indicator of future performance of such Instrument.
It is not foreseeable whether the price of an Instrument will rise or fall.

The Issuer does not give any guarantee that the price of the Instruments remains constant during its term.

The liabilities of the Issuer under subordinated Instruments will be subordinated to the claims of all unsubordinated creditors of the Issuer.
Subordinated Instruments create unsecured and subordinated liabilities of the Issuer. In the event of the dissolution, liquidation, insolvency, composition or other proceedings for the avoidance of insolvency of, or against, the Issuer, such obligations will be subordinated to the claims of all unsubordinated creditors of the Issuer. Consequently in any such event no amounts will be payable under any obligations relating to such Instruments, until the claims of all unsubordinated creditors of the Issuer will have been satisfied in full.

Interest rate changes may adversely affect the value of fixed rate Instruments and step-up/step-down Instruments.
A holder of fixed rate Instruments will be paid fixed interest during the term of the Instrument. Fixed rate Instruments are not affected by an increase or decrease in the general interest rate level during the term of the Instrument with the exception of the price of the Instruments. As the relevant market interest rate changes, the price of a fixed rate Instrument also changes, but in the opposite direction. If the market interest rate increases, the price of a fixed rate Instrument typically falls until the yield of such Instruments is approximately equal to the market interest rate.

In case of an early redemption of the Instruments at a decreased market interest rate, the holder is exposed to the risk of obtaining a lower yield and any subsequent reinvestment being effected at a lower interest rate than the agreed fixed rate. In the event of a sale of Instruments prior to maturity, a holder may incur a loss of the invested capital.

The same risk applies to step-up/step-down Instruments if the market interest rates in respect of comparable bonds are higher than the rates applicable to such Instruments.

Interest rate changes may adversely affect the value of zero coupon Instruments and the impact may be stronger than the impact on the price of fixed rate Instruments.
Zero coupon Instruments will be issued at a discount to their par value and there will be no periodic interest payments made on such Instruments during their maturity. The discount – the difference between the issue price and the redemption amount (which will be at a minimum 100 per cent. of the par value of the Instruments) – determines the interest a holder will receive until the maturity date and reflects the market interest rate. Changes in general market interest rates have a stronger impact on the price of zero coupon Instruments than on the price for fixed rate Instruments having the same maturity, due to the discounted issue price of the zero coupon Instruments.

A holder of floating rate Instruments or structured floating rate Instruments is exposed to the risk of fluctuating interest rate levels. If floating rate Instruments and structured floating rate Instruments are capped at a certain level a holder will not benefit from a rise in the reference rate or base rate above such level.
Floating rate Instruments and structured floating rate Instruments bear a floating rate of interest which comprises a reference rate or a base rate and, in each case, if applicable, a margin. The interest period may comprise three or six months, or any other period, as set out in the applicable Final Terms. A floating interest rate may be determined before the interest period begins or at the end of the interest period. The floating interest rate changes in line with changes in the applicable reference rate or base rate; thus, the floating interest rate may also decrease. A holder of floating rate Instruments and structured floating rate Instruments is exposed to the risk of fluctuating interest rate levels of the applicable reference rate or base rate during the term of the Instruments. It is impossible to determine the yield of a floating rate Instrument or structured floating rate Instrument in advance.

The floating interest rate to be paid for floating rate Instruments and structured floating rate Instruments may also be capped at a certain level (the "**Cap**"). A holder will not benefit from a rise in the reference rate or base rate in the event it rises above and beyond the Cap. Therefore, where the reference rate or base rate rises above the Cap, yield on such Instruments may be lower than the yield of floating rate Instruments or, as the case may be structured floating rate Instruments, without a Cap.

In case of fixed to floating rate Instruments, the Issuer may elect to convert the interest rate from a fixed rate to a floating rate during the term of the Instrument or vice versa. Investors of such Instruments are exposed to the risks of fixed rate Instruments and floating rate Instruments or structured floating rate Instruments.

Such Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Instruments since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the fixed to floating rate Instruments may be less favourable than the prevailing spreads on comparable floating rate Instruments relating to the same reference rate or base rate. In addition, the new floating rate at any time may be lower than the interest rates payable on other Instruments. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing interest rates payable on its Instruments.

Under certain conditions, the Issuer will have a right of an early redemption of the Instruments. In the event of an early redemption, the investor may, as a result, receive a lower than the expected yield on the invested capital.

For any Instruments (but not Pfandbriefe), the Issuer will have the right to redeem the Instruments if it is required to make any additional payments on the Instruments for the reason of taxation.

For any Instruments (but not subordinated Instruments), the Issuer may have the right to redeem unsubordinated Instruments prior to their maturity date.

For subordinated Instruments, the Issuer may have the right to redeem subordinated Instruments prior to their maturity date due to regulatory changes.

Due to the Issuers's right to an early redemption the holder of the Instruments is exposed to the risk that it will receive a lower than the expected yield. As the Issuer can be expected to exercise an early redemption right if the yield on comparable bonds in the capital market has fallen, the Investor may also not be able to reinvest the redemption proceeds in comparable bonds with an equal or higher yield.

Should the SchVG apply to the Instruments, the terms and conditions of such Instruments may be modified by majority resolution without consent of individual holders of Instruments.

If §§ 5 to 21 of the SchVG dated 31 July 2009 are determined to be applicable with regard to an issue of Instruments the terms and conditions of such Instruments may be modified by resolution of the holders passed by a cartain pre-determined majority (as set out in the relevant Final Terms if applicable) or, as the case may be, stipulated by the SchVG. By means of resolution the holders may in particular agree upon the modification of the due date of principal and/or interest, the reduction or exclusion of interest rates and payments, the reduction of principal, the subordination of the claims under the Instruments in the event of insolvency proceedings of the Issuer and upon such other measures as specified in the relevant Final Terms. Holders therefore bear the risk that the terms and conditions of the Instruments may be modified to their individual disadvantage.

Each potential investor must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Instruments is fully consistent with its (or if it is acquiring the Instruments in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Instruments as principal or in a fiduciary capacity) and is a fit, proper and suitable investment for it (or if it is acquiring the Instruments in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Instruments. The Issuer disclaims any responsibility to advise potential investors of any matters arising under the law of the country in which they reside that may affect the purchase of, or holding of, or the receipt of payments or deliveries on the Instruments. If a potential investor does not inform itself in an appropriate manner with regard to an investment in the Instruments, the investors risk disadvantages in the context of their investment.

A potential investor may not rely on the Issuer, any dealer appointed by the Issuer or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Instruments or as to the other matters referred to above.

III. RESPONSIBILITY

Norddeutsche Landesbank – Girozentrale – with its registered office located in Hanover, Brunswick and Magdeburg accepts responsibility for the information contained in this prospectus relating to the EUR 25,000,000,000 Programme for the Issuance of Debt Instruments (the "**Prospectus**") pursuant to § 5 (4) of the WpPG and declares that the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and that no material circumstances have been omitted.

IV. DESCRIPTION OF NORDDEUTSCHE LANDESBANK – GIROZENTRALE –

1. Auditors

The consolidated financial statements of Norddeutsche Landesbank – Girozentrale – and its consolidated subsidiaries (the “**NORD/LB Group**”) for the financial year ended 31 December 2010 (the “**Financial Year 2010**” and the “**Consolidated Financial Statements 2010**”) and for the financial year ended 31 December 2011 (the “**Financial Year 2011**” and the “**Consolidated Financial Statements 2011**”) have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) of the German Commercial Code (*Handelsgesetzbuch* – “**HGB**”), and have been audited, together with the respective group management reports (*Konzernlageberichte*) in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Landschaftsstraße 8, 30159 Hanover (“**Ernst & Young**”). Ernst & Young has issued unqualified auditor’s reports (*uneingeschränkte Bestätigungsvermerke*) on the Consolidated Financial Statements 2010 and the group management report of NORD/LB Group for the Financial Year 2010 as well as the Consolidated Financial Statements 2011 and the group management report of NORD/LB Group for the Financial Year 2011.

The unconsolidated financial statements of Norddeutsche Landesbank – Girozentrale – for the Financial Year 2011 (the “**Annual Accounts 2011**”) have been prepared in accordance with German generally accepted accounting principles and have been audited, together with the management report (*Lagebericht*), in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements by Ernst & Young. Ernst & Young has issued an unqualified audit opinion (*uneingeschränkter Bestätigungsvermerk*) on the Annual Accounts 2011 and the management report of Norddeutsche Landesbank – Girozentrale – for the Financial Year 2011.

The unaudited interim consolidated financial statements of NORD/LB Group for the period from 1 January to 31 March 2012 (the “**Unaudited Interim Consolidated Financial Statements as of 31 March 2012**”) have been prepared in accordance with International Financial Reporting Standards (IFRS) on interim financial reporting (IAS 34), as adopted by the EU, and the interim group management report in accordance with the requirements of the German Securities Trading Act (*Wertpapierhandelsgesetz* (“**WpHG**“)).

Ernst & Young is a member of the German Chamber of Auditors (*Deutsche Wirtschaftsprüferkammer*).

2. General information relating to the Issuer

Norddeutsche Landesbank – Girozentrale – (the “**Issuer**”) was established in the Federal Republic of Germany on 1 July 1970 through a merger of four financial institutions: Niedersächsische Landesbank – Girozentrale –, Braunschweigische Staatsbank including Braunschweigische Landessparkasse, Hannoversche Landeskreditanstalt and Niedersächsische Wohnungskreditanstalt – Stadtschaft. With the formation of Norddeutsche Landesbank – Girozentrale –, all rights and obligations of the predecessor institutions were transferred to Norddeutsche Landesbank – Girozentrale – by way of universal legal succession (*Gesamtrechtsnachfolge*).

Norddeutsche Landesbank – Girozentrale – is registered in the commercial register (*Handelsregister*) A of the local court of Hanover (*Amtsgericht Hannover*) under number HRA 26247, in the commercial register (*Handelsregister*) A of the local court of Brunswick (*Amtsgericht Braunschweig*) under number HRA 10261 and in the commercial register (*Handelsregister*) A of the local court of Stendal (*Amtsgericht Stendal*) under number HRA 22150.

It is an institution incorporated under German public law with legal capacity (*rechtsfähige Anstalt des öffentlichen Rechts*) governed by the state treaty dated 22 August 2007 between the German states of Lower Saxony (*Niedersachsen*), Saxony-Anhalt (*Sachsen-Anhalt*) and Mecklenburg-Western Pomerania (*Mecklenburg-Vorpommern*) as amended on 12 July 2011, which came into force on 21 September 2011, (the “**State Treaty**”) and the Articles of Association (*Satzung*) approved by resolution of the

Owners' Meeting (*Trägerversammlung*) on 23 November 2011 and on 15 December 2011, which became effective on 29 December 2011.

It has its registered offices in the cities of Hanover, Brunswick and Magdeburg and is headquartered in Hanover. The respective business addresses are:

Friedrichswall 10
30159 Hanover
Germany
Telephone: + 49 5 11/3 61-0
Telefax: + 49 5 11/3 61-44 47,

Friedrich-Wilhelm-Platz
38100 Brunswick
Germany
Telephone: +49 5 31/4 87-0
Telefax: +49 5 31/4 87-35 72,

and

Breiter Weg 7
39104 Magdeburg
Germany
Telephone: +49 3 91/5 89-0
Telefax: +49 3 91/5 89-17 05.

Norddeutsche Landesbank – Girozentrale – is governed by the statutory provisions of the Federal Republic of Germany. The commercial name is NORD/LB.

3. Ratings for liabilities of the Issuer

As at the date of this prospectus relating to the EUR 25,000,000,000 Programme for the Issuance of Debt Instruments (the "Prospectus"), Norddeutsche Landesbank – Girozentrale – has the following ratings. Each of the following rating agencies has been established in the European Union and has been registered under Regulation (EC) no 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies:

a) for long-term, non-guaranteed and unsubordinated liabilities:

   A3 by Moody's Deutschland GmbH, An der Welle 5, 60322 Frankfurt am Main, Germany[2];

   A by Fitch Deutschland GmbH, Taunusanlage 17, Frankfurt am Main,Germany[3].

b) for NORD/LB Public Sector Bonds (*Öffentliche Pfandbriefe*):

   Aaa by Moody's Deutschland GmbH, An der Welle 5, 60322 Frankfurt am Main, Germany[4];

   AAA by Fitch Deutschland GmbH, Taunusanlage 17, Frankfurt am Main, Germany.[5]

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[2] Obligations rated A are judged to be of upper-medium grade and low credit risk. The modifier 3 indicates a ranking in the lower end of that generic rating category.
(*Source: Moody's Investors Service Ltd.*)

[3] Rating Class A belongs to the investment class, which is composed of four grades. AAA is the highest and BBB is the lowest class. High credit quality. "A" ratings denote a low expectation of credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings
(*Source: Fitch Ratings Ltd.*)

[4] Obligations rated Aaa are judged to be of the highest quality and lowest credit risk.
(*Source: Moody's Investors Service Ltd.*)

[5] Rating Class A belongs to the investment class, which is composed of four grades. AAA is the highest and BBB is the lowest class. High credit quality. "AAA" ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
(*Source: Fitch Ratings Ltd.*)

c) for NORD/LB Mortgage Bonds (*Hypothekenpfandbriefe*):

Aaa by Moody's Deutschland GmbH, An der Welle 5, 60322 Frankfurt am Main, Germany[4].

d) for NORD/LB Ship Mortgage Covered Bonds (*Schiffspfandbriefe*) and NORD/LB Aircraft Mortgage Covered Bonds (*Flugzeugpfandbriefe*):

None.

e) for short-term, non-guaranteed and unsubordinated liabilities:

P-2 by Moody's Deutschland GmbH, An der Welle 5, 60322 Frankfurt am Main, Germany[6];
F1 by Fitch Deutschland GmbH, Taunusanlage 17, Frankfurt am Main, Germany[7].

Instruments to be issued under this Prospectus may be rated or unrated. Where a Series of Instruments is rated, its rating may not be the same as the rating applicable to the Issuer. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. Any negative change in the credit rating of the Issuer could adversely affect the trading price of the Instruments. The current rating is available via electronic information systems.

4. Recent events in the business activities of Norddeutsche Landesbank – Girozentrale –

Skandifinanz AG, the former Skandifinanz Bank AG and a former consolidated subsidiary of NORD/LB Luxembourg S.A., which itself is a consolidated subsidiary of Norddeutsche Landesbank – Girozentrale –, reduced its business to a great extent and has given back its banking licence. It is no longer a material shareholding of Norddeutsche Landesbank – Girozentrale –.

Against the background of the international debt crisis, the EU increased its capital requirements for banks at its summit in October 2011. By 30 June 2012 banks of a certain size have to meet a Core Tier 1 capital ratio of 9 per cent. which is determined in accordance with a definition prepared by the European Banking Authority (EBA), in which existing silent participations are not included as capital instruments.

In response, Norddeutsche Landesbank – Girozentrale – has provided BaFin with a concept approved by its owners how to increase its Core Tier 1 capital. This concept envisions to meet the increased capital requirements mainly by restructuring existing silent participations. In addition, the measures include retaining earnings as well as income from the sale of investments. With this package Norddeutsche Landesbank – Girozentrale – expects to achieve the required Core Tier 1 capital ratio by 30 June 2012 in accordance with the European Banking Authority (EBA) definition.

The NORD/LB Group is closely monitoring and analysing developments in Ireland, Italy Portugal and Spain. This also particularly applies to the banking sector in Spain. However, NORD/LB Group does not consider it necessary to make any further provisions at this stage.

BaFin ordered the Issuer to publish errors identified by BaFin in the audited consolidated financial statements and the audited unconsolidated financial statements of Norddeutsche Landesbank – Girozentrale – for the year ended 31 December 2009, together with the primary grounds why the financial statements were found to be erroneous, according to § 37q (2) WpHG. This publication was made by the Issuer in April 2012. The subsequent adjustments led to a shift in profit at the expense of the business year 2009 for the benefit of the business year 2010. This order by BaFin concludes proceedings which commenced with a spot check investigation by *Deutsche Prüfstelle für Rechnungslegung e.V. (DPR)*. The Issuer appealed the *Deutsche Prüfstelle für Rechnungslegung e.V. (DPR)* findings which were subsequently submitted to BaFin for decision and upheld by BaFin.

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[6] Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations. (*Source: Moody's Investors Service Ltd.*)

[7] Indicates the strongest intrinsic capacity for timely payment of financial commitments. (*Source: Fitch Ratings Ltd.*)

5. Business overview

Responsibilities and Functions
Norddeutsche Landesbank – Girozentrale – is a commercial bank (*Geschäftsbank*), state bank (*Landesbank*) for the German states of Lower Saxony and Saxony-Anhalt and central savings and clearing bank (*Sparkassenzentralbank (Girozentrale)*) for the savings banks (*Sparkassen*) located in the German states of Lower Saxony, Saxony-Anhalt and Mecklenburg-Western Pomerania.

As a commercial bank it conducts all the usual banking business. Its business operations focus on transaction business with savings banks, retail clients, corporate clients and companies in Northern and Northeastern Germany.

As a state-bank, its function is to support its owners, the German states of Lower Saxony and Saxony-Anhalt in the performance of their fiscal activities and in regional economic development.

Norddeutsche Landesbank – Girozentrale – performs promotional operations within the German states of Saxony-Anhalt and Mecklenburg-Western Pomerania and on their behalf through the *Investitionsbank Sachsen-Anhalt*, which acts as a limited legal capacity under German public law (*teilrechtsfähige Anstalt des öffentlichen Rechts in der Anstalt (AidA)*) and the *Landesförderinstitut Mecklenburg-Vorpommern*, which is a department within Norddeutsche Landesbank – Girozentrale –. Its remit includes promotional economic, agrarian, corporate, infrastructural, residential housing and urban development programmes as well as further state promoting programmes. Promotional operations is distinguished from the strategic business areas and business units of Norddeutsche Landesbank – Girozentrale – by its strict functional orientation. It is also non-profit oriented.

As a central savings and clearing bank, Norddeutsche Landesbank – Girozentrale – offers the service of a clearing house and funding source for municipal savings banks located in the states of Lower Saxony, Saxony-Anhalt and Mecklenburg-Western Pomerania.

Business Segments
As of the beginning of 2012, the business of Norddeutsche Landesbank – Girozentrale – has been divided into the following business segments:

- Private and Commercial Customers;
- Corporate Customers & Markets;
- Ship and Aircraft Customers;
- Real Estate Banking Customers;
- Energy and Infrastructure Customers.

The new segment Corporate Customers & Markets replaces the former business areas Savings Bank Network, Financial Markets/Institutional Customers and Corporate Customers, thus enabling Norddeutsche Landesbank – Girozentrale – to offer products and services to its customers in a more focused and customer-oriented fashion.

While the former business areas Corporate Customers and Savings Bank Network were merged into the new Corporate Customers & Markets segment almost without changes, this segment now also includes financial markets activities performed on behalf of customers that were formerly covered by the Financial Markets/Institutional Customers business area.

The remaining activities of the former business area Financial Markets/Institutional Customers such as, for example, own-account financial markets activities, including inter alia refinancing transactions for own account, interest rate risk and liquidity management, are now covered by the Group Management/Others segment.

Private and Commercial Customers
This strategic segment includes the business of Braunschweigische Landessparkasse with private customers as well as small and medium-sized enterprises (SMEs) in and around the towns of Brunswick, Helmstedt, Seesen, Bad Harzburg, Holzminden, Salzgitter and Wolfenbüttel (the "**Brunswick Region**").

The retail client product portfolio is organised along the lines of the concept for savings banks (*Sparkassenfinanzkonzept*) and includes all the usual banking services, with products relating to accounts and loans, savings and investments, internet banking and direct brokerage.

In the business with high net worth individuals (so-called "Private Banking"), the product portfolio is extended to include special offers and products such as tax-efficient services in the form of open-ended and closed-ended real estate fund investments in German or foreign real estate, ships or aircraft. The services offered in the Private Banking business unit range from a comprehensive consultative approach with respect to asset structure analysis and financial planning and succession to estate and trust management.

Subsidiaries and cooperation partners of Norddeutsche Landesbank – Girozentrale – supplement its product portfolio with their own inhouse products, for example all types of insurance policies are provided by Öffentliche Versicherung Braunschweig, building society savings agreements by LBS Norddeutsche Landesbausparkasse Berlin-Hannover and additional private banking and asset management services by Norddeutsche Landesbank Luxembourg S.A.

Corporate Customers & Markets

The new Corporate Customers & Markets segment replaces the former business areas Savings Bank Network, Financial Markets/Institutional Customers and Corporate Customers.

In the Corporate Customers sub-segment, Norddeutsche Landesbank – Girozentrale – deals with all aspects of the banking business relating to corporate clients. It is a full service provider of banking products and services. Its services range from classical transaction management and individual corporate financing to the management of interest rate and currency risks or solutions for company pension plans.

The Corporate Customers sub-segment is divided into the business units Corporate Clients (supra-regional), Agri-Banking, Housing Industry and Corporate Finance.

In the Corporate Clients (supra-regional) business unit, Norddeutsche Landesbank – Girozentrale – services clients with annual external sales upwards of EUR 50 million. Its relevant business area covers Lower Saxony (excluding the Brunswick Region), Bremen, Hamburg and Schleswig-Holstein and the neighbouring states, North Rhine-Westphalia and Hesse as well as all East German states.

In the Agri-Banking business unit, Norddeutsche Landesbank – Girozentrale – caters to the financing requirements of the agricultural farming community as well as its suppliers, agricultural technology companies, traders and wholesalers requiring finance upwards of EUR 500,000. The business area is concentrated in the states of Lower Saxony, Saxony-Anhalt and Mecklenburg-Western Pomerania but is being gradually extended nationwide.

In the Housing Industry business unit, it is engaged in the financing of long-term sustainable communal and cooperative housing companies whose business focus is on long-term urban development and that manage their properties according to the principles of social and public responsibility.

It has been using its centre of competence located in Magdeburg as a springboard from which to successfully penetrate the markets of Eastern Germany and is aiming to gradually expand these services to the whole of Germany, initially to Hamburg, Schleswig-Holstein, Hesse and North Rhine-Westphalia.

The Corporate Finance business unit develops comprehensive solutions for complex corporate finance projects and offers advice to corporate clients on their strategic positioning. In addition, Corporate Finance offers its clients professional liquidity and risk management planning, capital structuring advisory services and innovative financing instruments. The direct link between the Corporate Finance and Corporate Clients *(supra-regional)* businesses forms the basis for the development of individual financing solutions such as the creation of derivative structures to hedge any existing interest rate or currency exposure or to optimise financing structures.

The Markets sub-segment covers the business with savings banks, municipal governments and companies, corporate clients and institutional investors based in the business area of Norddeutsche

Landesbank – Girozentrale – and supports the other business segments by giving them access to the international capital markets or capital market products, as the case may be.

To meet its customers' demand for a permanent range of structured securities products as well as certain interest rate and repayment options, Norddeutsche Landesbank – Girozentrale – develops and issues structured bonds that offer various alternatives with respect to returns or repayment. In this context, it uses its own distribution channels as well as those of the Savings Bank Finance Group (*Sparkassenfinanzgruppe*) or other banks. Norddeutsche Landesbank – Girozentrale – regards itself as a service provider for its clients. As such, it aims to offer its clients alternative products alongside standard products which are distinct from the routine banking business. It therefore tailors its product range and sales to fulfil client demands or respond to client needs.

In addition, Norddeutsche Landesbank – Girozentrale – sells and trades in all types of securities. Customers in this area are institutional clients, such as insurance companies, building societies (*Bausparkassen*), social security institutions, pension funds as well as small and medium-sized enterprises (SMEs).

Credit risk trading is becoming increasingly more important to Norddeutsche Landesbank – Girozentrale – as well as to its clients. Against this background, it is the responsibility of the Markets subsegment to use and improve various instruments, in particular for the securitisation of claims and credit risk trading, and to take advantage of them for risk management purposes on behalf of Norddeutsche Landesbank – Girozentrale – as well as the savings banks and clients located in its business area.

The Savings Banks Network sub-segment comprises the public sector business of Norddeutsche Landesbank – Girozentrale – as well as its institutional and syndicated business with associated savings banks.

In this context, Norddeutsche Landesbank – Girozentrale – offers savings banks products and services they require in their capacity as direct customers for their own-account trading business or to supplement their own product range for retail or corporate customers. These include all types of securities, foreign currencies and derivatives as well as specific types of bond issues that are not standardised with respect to interest accrual and repayment and instead offer alternatives as far as returns and the type or timing of redemption payments are concerned (structured securities).

Furthermore, Norddeutsche Landesbank – Girozentrale – is expanding the product range of savings banks to include Private Banking products such as shares, for example, in open- or closed-end funds investing in domestic or foreign real estate, ships or aircraft, asset management products such as estate or trust management or customised asset management offers.

Other focal points are the syndicated loan business, credit risk trading and activities as central settlement agent for securities and cashless payment transactions or refinancing agent. In the syndicated loan business, Norddeutsche Landesbank – Girozentrale – acts as an underwriter for loans issued by savings banks while it offers synthetic credit risk trading to assist savings banks in managing their credit risks.

In the savings bank refinancing business, it supports savings banks in connection with the issue of their own covered bonds (*Pfandbriefe*).

Ship and Aircraft Customers

The Ship Customers unit is one of the core activities of Norddeutsche Landesbank – Girozentrale – and Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – and comprises the financing of modern and market-standard tonnage. Norddeutsche Landesbank – Girozentrale – and Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – provide asset finance and handle ship financing for national and international shipping companies as well as dockyards.

The Aircraft Customers unit comprises the financing of short, medium and long haul aircraft and jet engines. Norddeutsche Landesbank – Girozentrale – offers asset-based financing for aircraft or jet engines for clients such as airlines and leasing companies.

The clients of the Ship and Aircraft Customers segment have a particular need for short- to long-term financing for their projects, for example pre-financing of equity (*Eigenkapitalvorfinanzierung*), or intermediate finance (*Zwischenfinanzierungen*) and short- and medium-term construction period finance (*Bauzeitfinanzierungen*) and long-term end finance (*Endfinanzierungen*). By making loans and guarantees available, asset-related and generally asset-secured ship and aircraft finance is provided.

Real Estate Banking Customers
In the Real Estate Banking Customers segment, Norddeutsche Landesbank – Girozentrale –, through its subsidiary Deutsche Hypothekenbank (Actien-Gesellschaft), focuses on structured financing for large-scale commercial real estate projects and portfolios in Germany and abroad with a minimum loan volume of EUR 5.0 million per property. Apart from Germany, target countries include Great Britain, France, Spain, Benelux and the USA.

Energy and Infrastructure Customers
The Energy and Infrastructure Customers segment comprises the business of Norddeutsche Landesbank – Girozentrale – as well as Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – with clients from the renewable energy sector, such as private and public sector utilities as well as waste disposal and recycling companies, operating companies, construction firms and leasing companies, and the infrastructure and leasing sectors.

Services in the Energy Customers sub-segment range from finance-related advice on the structuring and arrangement of projects to the participation in finance projects for wind power, biomass, biofuel or photovoltaic installations.

In the Infrastructure Customers sub-segment, the activities of both institutions focus on social infrastructure projects in the areas of structural engineering, education, health and emergency services as well as waste disposal infrastructure. In the context of public private partnerships, Norddeutsche Landesbank – Girozentrale – as well as Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – are financing partners for the transport, school, justice and administration sectors. Their target customers are internationally and nationally operating sponsors with whom they develop individual solutions for financing specific projects.

Lending within the Energy and Infrastructure Customers segment mostly takes the form of project finance, which Norddeutsche Landesbank – Girozentrale – defines as finance relating to a specific project or purpose, tailored to suit the particular requirements of the project. The structure of such finance packages is developed taking into account any relevant political and economic risks, legal and tax factors, social and public welfare aspects and the optimum equity capital structure. The aim is to reconcile project requirements and cash flow structures with the relevant client's circumstances.

6. Organisational structure

Norddeutsche Landesbank – Girozentrale – is the parent company of the NORD/LB Group. The NORD/LB Group comprises, *inter alia*, the fully consolidated subsidiaries Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Norddeutsche Landesbank Luxembourg S.A., Deutsche Hypothekenbank (Actien-Gesellschaft), NORD/LB Asset Management Holding GmbH and NORD/LB Covered Finance Bank S.A. as a wholly-owned subsidiary of Norddeutsche Landesbank Luxembourg S. A.

Further subsidiaries in the NORD/LB Group are Öffentliche Lebensversicherung Braunschweig and Öffentliche Sachversicherung Braunschweig as well as Braunschweigische Landessparkasse and Investitionsbank Sachsen-Anhalt, each as an institution within Norddeutsche Landesbank – Girozentrale – (*Anstalt in der Anstalt – AidA*) under German public law with limited legal capacity (*teilrechtsfähige Anstalt des öffentlichen Rechts*).

Braunschweigische Landessparkasse
Up to 31 December 2007, Braunschweigische Landessparkasse was managed as a special department of Norddeutsche Landesbank – Girozentrale –. With effect from 1 January 2008 and under the State Treaty Braunschweigische Landessparkasse was converted to an institution under German public law with limited legal capacity (*teilrechtsfähige Anstalt des öffentlichen Rechts*) within Norddeutsche Landesbank – Girozentrale – (*Anstalt in der Anstalt – AidA*). Braunschweigische Landessparkasse is governed by the decree (*Statut*) of 12 December 2007 concerning Braunschweigische Landessparkasse.

The registered offices of Braunschweigische Landessparkasse are located at Friedrich-Wilhelm-Platz, 38100 Brunswick.

Irrespective of its administrative autonomy, Braunschweigische Landessparkasse does not constitute a legal entity. It does not have its own banking licence but instead exercises its remit under the supervision of Norddeutsche Landesbank – Girozentrale –, which holds the licence granted by BaFin. Accordingly, the overall responsibility for Braunschweigische Landesbank lies with the management of Norddeutsche Landesbank – Girozentrale –, which is entitled to receive information on and control the business activities of Braunschweigische Landessparkasse. Braunschweigische Landessparkasse can act on its own behalf, sue or be sued. In all its legal relations and business dealings, Braunschweigische Landessparkasse must indicate that it belongs to Norddeutsche Landesbank – Girozentrale – in an addendum to its name.

Furthermore, Braunschweigische Landessparkasse has no assets of its own. Norddeutsche Landesbank – Girozentrale – makes available all the necessary financial, staff and material resources required by Braunschweigische Landessparkasse for the pursuit of its savings banking business. The business operations of Braunschweigische Landessparkasse are incorporated into the unconsolidated financial statements of Norddeutsche Landesbank – Girozentrale –. Its staff are employees of Norddeutsche Landesbank – Girozentrale –.

Braunschweigische Landessparkasse is a public sector savings bank according to section 13 paragraph 2 of the State Treaty. Its remit is to strengthen the competition within its core area on the basis of market requirements and the needs of business competition and to ensure the appropriate and adequate provision of monetary services and credit facilities for all sectors of the population.

Investitionsbank Sachsen-Anhalt
Investitionsbank Sachsen-Anhalt is the development bank for the German state of Saxony-Anhalt. Its business operations are designed to support the structural and economic policy of the German state of Saxony-Anhalt.

Like Braunschweigische Landessparkasse, Investitionsbank Sachsen-Anhalt is an institution with limited legal capacity under German public law within Norddeutsche Landesbank – Girozentrale – (*teilrechtsfähige Anstalt des öffentlichen Rechts in der Anstalt (AidA)*).

Selected consolidated subsidiaries

Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –
Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – was established on 26 April 1983 by the amalgamation of Staatliche Kreditanstalt Oldenburg-Bremen with Bremer Landesbank – Girozentrale –. It is registered in the commercial register (Handelsregister) A of the local court of Bremen under number HRA 22159 and was formed under the state treaty concluded by the German states Free Hanseatic City of Bremen and Lower Saxony.

The registered office of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – is located at Domshof 26, 28195 Bremen.

The owners of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – are Norddeutsche Landesbank – Girozentrale –, which holds a stake of 92.5 per cent. and the Free Hanseatic City of Bremen (*Freie Hansestadt Bremen*) which has a 7.5 per cent. shareholding.

Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – is a German financial institution under German public law (*Anstalt des öffentlichen Rechts*). Its remit consists of the functions of a state bank for the Free Hanseatic City of Bremen, a central bank for the 14 savings banks in its region and a commercial bank offering a broad range of banking services at national and international levels.

Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, acting as central bank for savings banks, accepts deposits (*Einlagen*) of such institutions and provides loans, offers a wide spectrum of financial services, acts on their behalf in international business transactions and, together with the savings banks, grants loans to industry and retail. Furthermore, Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – offers further banking services, such as asset management, corporate finance, advisory service as well as leasing and factoring services through its subsidiaries.

The geographic area in which Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – operates its business includes the state “Free Hanseatic City of Bremen” and the north-west region of Lower Saxony.

Deutsche Hypothekenbank (Actien-Gesellschaft)
Deutsche Hypothekenbank (Actien-Gesellschaft) is a wholly-owned subsidiary of Norddeutsche Landesbank – Girozentrale –. It was established in 1872. It is registered in the commercial register (*Handelsregister*) B of the local courts of Hanover (*Amtsgericht Hannover*) under number HRB 57602 and Berlin-Charlottenburg (*Amtsgericht Berlin-Charlottenburg*) under number HRB 1.

Deutsche Hypothekenbank (Actien-Gesellschaft) is a stock corporation under German law. When the acquisition by Norddeutsche Landesbank – Girozentrale – became effective, the shares of Deutsche Hypothekenbank (Actien-Gesellschaft) were delisted from any stock exchanges.

The registered offices of Deutsche Hypothekenbank (Actien-Gesellschaft) are located at Georgsplatz 8, 30159 Hanover.

Deutsche Hypothekenbank (Actien-Gesellschaft) is a Pfandbrief bank and as such concentrates on all real-estate related areas of finance and advisory services.

Deutsche Hypothekenbank (Actien-Gesellschaft), as mortgage-lending institution, specialises in large-scale commercial financial sector activities with institutional investors. In this context, it focusses on every aspect of real-estate related finance and advisory services, in particular large-scale commercial finance for professional real-estate clients and property for investment purposes. The business of Deutsche Hypothekenbank (Actien-Gesellschaft) extends beyond its German operations to European target countries including Great Britain, France, Spain and the Benelux countries, as well as the United States of America.

Another area is sovereign lending, which Deutsche Hypothekenbank (Actien-Gesellschaft) operates for the Federal Republic of Germany, the German federal states and their local authorities, for other EU member states, Switzerland, and the United States of America and Canada.

Norddeutsche Landesbank Luxembourg S.A.
Norddeutsche Landesbank Luxembourg S.A. (the “NORD/LB Luxembourg”) is a public limited company (*société anonyme*) and was founded under the name “Berenberg Bank International” with business domicile in Luxembourg on 11 September 1972 on the basis of a deed of notary Camille Hellinckx. The Articles of Association of NORD/LB Luxembourg were published in the Memorial Part C, No. 151 on 22 September 1972. The first renaming of NORD/LB Luxembourg as Norddeutsche Landesbank International took place on 25 June 1975 and was published in the Memorial Part C, No. 192 on 13 October 1975 and a final renaming as Norddeutsche Landesbank Luxembourg S.A. followed on 19 December 1986 and was published in the Memorial Part C, No. 86 on 6 April 1987. The registered share capital of NORD/LB Luxembourg amounts to EUR 205,000,000, divided into 820,000 registered shares without nominal value.

NORD/LB Luxembourg is active in three business divisions: Financial Markets, International Loans and Private Banking. Treasury activities and Private Banking are carried out relatively autonomously within the specified framework (for example risk limits, product range), while lending activities are conducted in close cooperation with Norddeutsche Landesbank – Girozentrale –.

- Financial Markets
This business area contains “ALM/Treasury”, “Client Relationship Management (CRM)”, “Corporate Sales” and “Risk Distribution & Solutions (RDS)”. NORD/LB Luxembourg operates on the international financial markets as a market player in its own name. It controls its liquidity, its interest rate risk and to a lesser extent its currency risk in its own name as well as credit spread risks in accordance with internal risk limits and conducts trading books in US-Dollars, Euros and other liquid currencies. The focuses of the balance sheet transactions are commercial papers, call money and term deposits, securities and promissory note bonds. The securities portfolio primarily contains securities issued by banks with a rating in the investment grade range and securities from public issuers. Within the scope of the interest rate risk control it trades in swaps and futures in particular. Sources of refinancing include deposits from banks and institutional investors, alongside deposits of Swiss customers arranged by trustees as well as open market deals with the European Central Bank and the Swiss

National Bank. Furthermore, NORD/LB Luxembourg also issues securities under the European Commercial Paper (CP) Programme launched in 2000.

Besides the trading related activites, NORD/LB Luxembourg has been emphasizing its Sales activities recently. With its CRM, NORD/LB Luxembourg aims to enhance the investor basis for NORD/LB Group. Corporate Sales works as a specialist for FX and interest rate risk management for commercial customers. RDS should distribute credit and structured credit assets of NORD/LB Luxembourg to investors. The aforementioned business is conducted in close cooperation with Norddeutsche Landesbank – Girozentrale –.

Currently, it is envisaged in the framework of an outsourcing agreement with NORD/LB CFB to take over the cover pool administration as well as the treasury business of NORD/LB CFB by NORD/LB Luxembourg. A newly formed group within the financial markets department will take over responsibility for the covered bond business. The new group will be formed by NORD/LB CFB's former members of the treasury and public finance department to ensure business continuity and with the objective to use the long-standing experience of these employees. This integration is executed in close cooperation with the Commission de Surveillance du Secteur Financier (CSSF), the competent authority in Luxembourg.

- International Loans
NORD/LB Luxembourg carries out its lending operations in close cooperation with Norddeutsche Landesbank – Girozentrale –. NORD/LB Luxembourg handles all types of standard loan transactions in the Euro market. NORD/LB Luxembourg mainly grants syndicated loans to major German and European customers, to European financial institutions and finances commercial property in the USA and Europe. The loan portfolio mainly consists of short-term and long-term fixed interest rate loans, as well as roll-over loans and revolving credit facilities.

The proportion of loans in foreign currencies is approximately 40 per cent. of loan drawdowns. The credit risk relates almost exclusively (approximately 99 per cent.) to counterparties in OECD countries (of which 92 per cent. are in the European Union).

As part of the savings banks network business "NORD/LB Network", NORD/LB Luxembourg grants loans to customers of savings banks. These are guaranteed by the relevant savings bank.

Currently, it is planned to integrate NORD/LB CFB's employees which are active in providing financing to the municipal corporate sector in Germany in NORD/LB Luxembourg's loan department. Even though the municipal loan business is going to be operated by NORD/LB Luxembourg in the framework of an outsourcing agreement the official lender will remain NORD/LB CFB. This integration aims at harmonising the core loan processes and to reach a fully intergrated loan business. It is proceeded in close cooperation with the Commission de Surveillance du Secteur Financier (CSSF), the competent authority in Luxembourg.

- Private Banking
NORD/LB Luxembourg also offers private banking and asset management to its international private customers. The investment product range extends from deposits in all convertible currencies through to bonds, stocks, derivatives and investment funds. In addition, NORD/LB Luxembourg is selling to its customer's in-house investment funds. Private Banking activities focus on tailored portfolio concepts to meet individual requirements as well as fund management.

NORD/LB Covered Finance Bank S. A.
NORD/LB Covered Finance Bank S. A. (the "**NORD/LB CFB**") is a wholly-owned subsidiary of NORD/LB Luxembourg, which is a wholly owned subsidiary of Norddeutsche Landesbank – Girozentrale –. Its business activities are fully integrated in the business model of NORD/LB Luxembourg and NORD/LB Luxembourg's parent company Norddeutsche Landesbank – Girozentrale – NORD/LB CFB itself has no subsidiaries or branches.

NORD/LB CFB specialises in international lending to the public sector in European countries and OECD-member countries outside Europe. To finance its lending activities, NORD/LB CFB issues Pfandbriefe (*lettres de gage*) pursuant to the Luxembourg law on the financial sector.

As a centre of competence for international public finance within the NORD/LB Group, its business is complementary to the activities of Norddeutsche Landesbank – Girozentrale – and its associated public savings banks in Germany. Outside Germany NORD/LB CFB engages directly and systematically in lending to the public sector in developed countries of the European Community, the European Economic Area or the OECD. Within Germany NORD/LB CFB takes on part of the public finance business generated by Norddeutsche Landesbank – Girozentrale – and provides funding for the associated public savings banks. As a result, lending to the German public sector makes up a considerable but limited portion in the internationally diversified asset portfolio of NORD/LB CFB.

NORD/LB Asset Management Holding GmbH
NORD/LB Asset Management Holding GmbH is an investment company and a wholly-owned subsidiary of Norddeutsche Landesbank – Girozentrale –. It originates from the change of name of the former NORDCON Asset Management Holding AG, a former wholly-owned subsidiary of Norddeutsche Landesbank – Girozentrale –.

NORD/LB Asset Management Holding GmbH focusses on the needs of mid-size and larger institutional investors and is registered in the commercial register (*Handelsregister*) B of the local court of Hanover (*Amtsgericht Hannover*) under number HRB 58629.

It operates two subsidiaries: NORD/LB Capital Management GmbH, responsible for portfolio management, and NORD/LB Kapitalanlagegesellschaft AG, responsible for special funds and German master capital investment companies (Master KAG).

Öffentliche Lebensversicherung Braunschweig and Öffentliche Sachversicherung Braunschweig
Öffentliche Lebensversicherung Braunschweig and Öffentliche Sachversicherung Braunschweig are both public sector institutions whose registered offices are located in Brunswick. Both companies offer insurance services.

The owners of both companies are Norddeutsche Landesbank – Girozentrale –, which in each case holds a stake of 75.0 per cent., and both the Lower Saxony Savings Banks and Giro Association (*Niedersächsischer Sparkassen- und Giroverband*) and the German state of Lower Saxony, each holding stakes of 12.5 per cent. in the two companies.

Among the products offered by Öffentliche Lebensversicherung Braunschweig are capital-growth life assurance, risk insurance, disability insurance and pension policies. Öffentliche Sachversicherung Braunschweig offers, *inter alia*, third party liability motor insurance, general third party liability insurance, household, fire and accident insurance.

Selected Partially Consolidated Participations

KreditServices Nord GmbH
KreditServices Nord GmbH, a former joint venture between Sparkasse Hannover and Norddeutsche Landesbank – Girozentrale –, was founded in 2005. Its remits are any market follow-up activities in the lending business with retail and commercial clients of Norddeutsche Landesbank – Girozentrale –. The registered office is in Hanover.

KreditServices Nord GmbH is a wholly-owned subsidiary of Norddeutsche Landesbank – Girozentrale –.

LBS Norddeutsche Landesbausparkasse Berlin-Hannover
LBS Norddeutsche Landesbausparkasse Berlin-Hannover is a joint institution under German public law *(Anstalt des öffentlichen Rechts)* of the states of Lower Saxony and Berlin.

Its owners are the Lower Saxony Savings Banks and Giro Association (*Niedersächsischer Sparkassen- und Giroverband*), which has a 44.0 per cent. shareholding, Norddeutsche Landesbank – Girozentrale –, with an indirect holding of 44.0 per cent., and Landesbank Berlin AG, which has a 12.0 per cent. stake. The entire Norddeutsche Landesbank – Girozentrale – stake is held by Nord-Ostdeutsche Bankbeteiligungsgesellschaft mbH, a wholly-owned subsidiary of Norddeutsche Landesbank – Girozentrale –.

It operates building society (*Bausparkassen*) business and its further activities include financing the construction, acquisition and modernisation of residential property.

LHI Leasing GmbH
LHI Leasing GmbH, Munich, is engaged in commercial real estate leasing. It offers closed-ended real estate and equipment funds, as well as a range of services which come under the heading of real estate management.

Norddeutsche Landesbank – Girozentrale – holds a 6.0 per cent. direct stake in LHI Leasing GmbH and a further indirect share of 43.0 per cent. held by its subsidiary, Nord-Ostdeutsche Bankbeteiligungs-gesellschaft mbH, with the remaining shares owned by Landesbank Baden-Württemberg.

7. Information on trends

Since 31 December 2011, there have been no material adverse changes in the prospects of Norddeutsche Landesbank – Girozentrale –.

8. Governing bodies of Norddeutsche Landesbank – Girozentrale –

The governing bodies of Norddeutsche Landesbank – Girozentrale – comprise:

- the **Managing Board** (*Vorstand*),
- the **Supervisory Board** (*Aufsichtsrat*) and
- the **Owners' Meeting** (*Trägerversammlung*)

The Managing Board
Pursuant to Norddeutsche Landesbank – Girozentrale – Articles of Association, the Managing Board shall be composed of a chair, one or more deputy chairs and other full or alternate members. The chair shall determine the assignment of executive functions in accordance with the standing orders for the Managing Board.

The Managing Board shall conduct the Issuer's business on its own responsibility. It shall keep the Supervisory Board advised of important matters affecting the Issuer. Resolutions of the Managing Board shall be adopted by a majority of the votes cast; in the case of a tie, the chair's casting vote shall prevail. Further details shall be regulated by standing orders (*Geschäftsordnung*) for the Managing Board, which are to be established by the Supervisory Board.

The Managing Board shall represent the Issuer both in and out of court. In matters affecting a member of the Managing Board personally, the Issuer shall be represented by the chair of the Supervisory Board. The Issuer shall be represented by two members of the Managing Board jointly. Members of the Managing Board shall be exempt from the restrictions of Article 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) ("**BGB**"). The Managing Board may grant general power of signature (*Prokura*), and for day-to-day business or for specific transactions it may determine other arrangements which shall be published in the form of a list of authorised signatures.

Members of the Managing Board may be contacted under Norddeutsche Landesbank – Girozentrale – business address.

The current mandates of the members of the Managing Board in bodies other than those of Norddeutsche Landesbank – Girozentrale – consist of the following:

Name	Company	Mandates
Dr. Gunter Dunkel (Chairman)	Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –	1. Supervisory Board 2. General Working and Credit Committee 3. Owners' Meeting (*Trägerversammlung*)
	Continental AG	Supervisory Board
	Deutsche Hypothekenbank (Actien-Gesellschaft)	1. Supervisory Board (Chair) 2. Credit Committee 3. Nomination Committee 4. Personnel Committee (Chair)
	Norddeutsche Landesbank Luxembourg S.A.	1. Supervisory Board (Chair) 2. Presidential Committee
Ulrike Brouzi	NORD/LB Capital Management GmbH	Supervisory Board (Chair)
	NORD/LB Kapitalanlagegesellschaft AG	Supervisory Board (Chair)
	Norddeutsche Landesbank Luxembourg S.A.	Supervisory Board
	NORD/LB Covered Finance Bank S.A.	Supervisory Board (Chair)
Eckhard Forst	Deutsche Hypothekenbank (Actien-Gesellschaft)	1. Supervisory Board (Deputy Chairman) 2. Credit Committee 3. Nomination Committee 4. Personnel Committee
	LHI Leasing GmbH	Supervisory Board (Deputy Chair)
Dr. Hinrich Holm	LBS Norddeutsche Landesbausparkasse Berlin/Hanover	1. Supervisory Board 2. Audit Committee
	NORD/LB Capital Management GmbH	Supervisory Board (Deputy Chair)
	NORD/LB Kapitalanlagegesellschaft AG	Supervisory Board (Deputy Chair)
Dr. Johannes-Jörg Riegler	Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –	1. Supervisory Board 2. General Working and Credit Committee 3. Audit Committee
	Deutsche Hypothekenbank (Actien-Gesellschaft)	1. Supervisory Board 2. Personnel Committee 3. Audit Committee (Chair) 4. Nomination Committee 5. Credit Committee (Chair)
	LBS Norddeutsche Landesbausparkasse Berlin/Hanover	Supervisory Board
	Norddeutsche Landesbank Luxembourg S.A.	Supervisory Board
Christoph Schulz	LBS Norddeutsche Landesbausparkasse Berlin/Hanover	1. Supervisory Board (Chairman) 2. Personnel Committee of the Supervisory Board
	Norddeutsche Landesbank Luxembourg S.A.	1. Supervisory Board 2. Presidential Committee

No conflicts of interest of members of the Managing Board

There are currently no potential conflicts of interest between the obligations of the members of the Managing Board towards Norddeutsche Landesbank – Girozentrale – and their private interests or other obligations.

The Supervisory Board
The Supervisory Board shall be composed of

1. the competent member of each of the state governments of the states of Lower Saxony and Saxony-Anhalt,
2. the chair of the Lower Saxony Savings Banks and Giro Association (*Niedersächsischer Sparkassen- und Giroverband*),
3. the general managers of the Saxony-Anhalt Savings Banks Holding Association (*Sparkassenbeteiligungsverband Sachsen-Anhalt*) and the Special Purpose Holding Association of the Mecklenburg-Western Pomerania Savings Banks (*Sparkassenbeteiligungszweckverband Mecklenburg-Vorpommern*),
4. seven further members, to be appointed by the owners in accordance with the following formula to serve for a term of four years:
   a) five members appointed by the state of Lower Saxony,
   b) two members appointed by the Lower Saxony Savings Banks and Giro Association (*Niedersächsischer Sparkassen- und Giroverband*),
5. representatives of the Issuer's employees, who together shall constitute one-third of the members and who shall be appointed to the Supervisory Board in accordance with the provisions of the applicable legislation on employees' representation (see *§ 27 of Norddeutsche Landesbank – Girozentrale –'s Articles of Association*).

Members of the Supervisory Board pursuant to no. 4 above may resign at any time. Their appointment may be terminated prematurely for good reason by the owner that appointed them. If a member leaves the Board prematurely, a successor is to be appointed for the remainder of his or her term of office. In the event of rights of ownership being vested (*Beleihung*) pursuant to § 2 (3) of Norddeutsche Landesbank – Girozentrale –'s Articles of Association, the right to appoint members of the Supervisory Board pursuant to no. 4 above shall appertain to the owner to whose sphere the legal entity incorporated under German public law or the partnership in which the rights of ownership are vested belongs and to the holder of the vested rights of ownership in proportion to their respective shares in the Issuer's share capital (*Stammkapital*).

The chair of the Supervisory Board shall be the responsible Minister in the government of the state of Lower Saxony. The first deputy chair shall be the chair of the Lower Saxony Savings Banks and Giro Association (*Niedersächsischer Sparkassen- und Giroverband*), the second deputy chair shall be the responsible Minister in the government of the state of Saxony-Anhalt. If the chair of the Supervisory Board is not available to perform his or her duties, one of the deputy chairs shall deputise. In the event of their unavailability the *ex officio* members of the Supervisory Board shall each be empowered to appoint another person to deputise for them. This power shall not extend to their capacities as chair or deputy chair.

Norddeutsche Landesbank – Girozentrale –'s Articles of Association provide that the Supervisory Board meets at least twice in each half of each calendar year. Additional meetings of the Supervisory Board shall be convened by its chair as often as the Issuer's business situation shall require. A meeting must be convened if a deputy chair, at least one-third of the members, the chair of the General Working and Credit Committee (*Allgemeiner Arbeits- und Kreditausschuss*) or the Managing Board request the discussion of or the adoption of a resolution on a specific matter. According to Norddeutsche Landesbank – Girozentrale –'s Articles of Association, the members of the Supervisory Board receive notification of a meeting and its agenda together with the relevant documents not less than two weeks before the meeting is scheduled to take place. Minutes shall be taken of each meeting of the Supervisory Board and signed by the chair of the Supervisory Board or, in the event of his or her incapacity by one of his or her deputies. The minutes are to be approved by a resolution of the Supervisory Board. The members of the Managing Board may attend meetings of the Supervisory

Board in an advisory capacity without voting rights, if invited to do so by the chair of the Supervisory Board.

The Supervisory Board shall adopt standing orders (*Geschäftsordnung*) for its own procedures.

Decisions of the Supervisory Board shall be arrived at by the adoption of resolutions.

A quorum of the Supervisory Board is constituted by at least half of the members including the Chair or one of his or her Deputies. If no quorum is present at a meeting, a new meeting shall be convened within two weeks to deal with the same agenda, at which meeting no minimum number of members needs to be present to constitute a quorum. This consequence must be stated in the invitation for the second meeting.

Except as otherwise provided by law or Norddeutsche Landesbank – Girozentrale –'s Articles of Association, resolutions of the Supervisory Board shall be adopted by a simple majority of the votes cast. Votes may be given in writing. In the event of a tie a motion is rejected.

The chair of the Supervisory Board may also seek the adoption of a resolution by the Supervisory Board by circulating it to the members in written or facsimile form. Subject to there being technical provision for the unequivocal identification of the sender of a message, such a proposal may also be circulated electronically. In all such cases, the proposed resolution shall require the explicit approval of all members.

The chair of the Supervisory Board is entitled to take decisions in urgent cases. The Supervisory Board must be informed of such decisions at its next meeting.

Responsibilities of the Supervisory Board:

1. The Supervisory Board shall advise the Managing Board and supervise its conduct of the Issuer's business.
2. In addition to the other matters mentioned in Norddeutsche Landesbank – Girozentrale –'s Articles of Association, the Supervisory Board shall resolve on:
    a) the appointment and dismissal of members of the Managing Board,
    b) general guidelines for the Issuer's business,
    c) the annual business plan to be presented by the Managing Board,
    d) standing orders (*Geschäftsordnung*) for the Managing Board,
    e) the selection and appointment of the statutory auditors,
    f) the adoption of the Issuer's management report and financial statements, and the approval of the group management report and the consolidated financial statements of Norddeutsche Landesbank – Girozentrale – and its consolidated subsidiaries,
    g) the acquisition of equity interests, in accordance with the rules of competence adopted by the Supervisory Board.
3. The Supervisory Board may resolve that other types of transaction and activities that are of particular importance to the Issuer shall be subject to its approval.
4. The appointment of the member of the Managing Board whose permanent office is in Magdeburg shall require the approval of the members of the Supervisory Board representing the owners from Saxony-Anhalt. This shall apply also to the transfer to Magdeburg of an existing member of the Managing Board.
5. Resolutions pursuant to (2) a), b), and g) above shall require a majority of two-thirds of the members of the Supervisory Board present, and shall additionally require a three-quarter majority of the representatives of the owners provided for under Norddeutsche Landesbank – Girozentrale –'s Articles of Association. Resolutions pursuant to (2) g) above may, by the same majorities, be delegated to the General Working and Credit Committee. Resolutions pursuant to (2) e) above shall require the approval of the state supervisory authorities (see *§ 26 of Norddeutsche Landesbank – Girozentrale –'s Articles of Association*).

The Supervisory Board currently consists of the following 18 members:

- Hartmut Möllring, Minister of Finance State of Lower Saxony (Chairman)
- Thomas Mang, President, Association of Savings Banks in Lower Saxony (Niedersächsischer *Sparkassen- und Giroverband*) (First Deputy Chairman)
- Jens Bullerjahn, Minister of Finance State of Saxony-Anhalt (Second Deputy Chairman)
- Frank Berg, Chairman of the Managing Board of OstseeSparkasse Rostock
- Hermann Bröring
- Norbert Dierkes, Chairman of the Managing Board of Sparkasse Jerichower Land
- Edda Döpke, bank emloyee of Norddeutsche Landesbank – Girozentrale –
- Ralf Dörries, Senior Vice President of Norddeutsche Landesbank – Girozentrale –
- Hans- Heinrich Hahne, Chairman of the Managing Board of Sparkasse Schaumburg
- Frank Hildebrandt, bank emloyee of Norddeutsche Landesbank – Girozentrale –
- Martin Kind, Managing Director of KIND Hörgeräte GmbH & Co. KG
- Walter Kleine, Chairman of the Managing Board of Sparkasse Hanover
- Frank Klingebiel, Lord Mayor of the City of Salzgitter
- August Nöltker, Union Secretary (ver.di – Vereinte Dienstleistungsgewerkschaft), District Administration
- Freddy Pedersen, Deputy District Manager (ver.di – Vereinte Dienstleistungsgewerkschaft)
- Ilse Thonagel, bank emloyee of Landesförderinstitut Mecklenburg-Western Pomerania
- Mirja Viertelhaus-Koschig, Deputy Chairman of the Managing Board of VIEROL AG
- Heinrich von Nathusius, Managing Director of IFA Gruppe

The members of the Supervisory Board may be contacted at Norddeutsche Landesbank – Girozentrale –'s business address.

Norddeutsche Landesbank – Girozentrale – is aware that the following members of the Supervisory Board perform the following activities, among others, outside Norddeutsche Landesbank – Girozentrale –:

Hartmut Möllring is member of the Supervisory Board and of the General Working and Credit Committee of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –.

No conflicts of interests of members of the Supervisory Board
There are currently no potential conflicts of interest between the obligations of the members of the Supervisory Board towards Norddeutsche Landesbank – Girozentrale – and their private interests or other obligations.

The Owners' Meeting (*Trägerversammlung*)
Each owner as defined in section 2 (1) and (3) of Norddeutsche Landesbank – Girozentrale –'s Articles of Association delegates up to two representatives to the Owners' Meeting (Trägerversammlung). In the event of a complete transfer of rights of ownership pursuant to section 2 (3) of Norddeutsche Landesbank – Girozentrale –'s Articles of Association, only the entity to which rights of ownership are vested is entitled to delegate representatives. The representatives of each owner may only vote unanimously. Members of the Managing Board may attend meetings in an advisory capacity without voting rights, if invited to do so by the chair of the Owners' Meeting (*Trägerversammlung*). The Owners' Meeting (*Trägerversammlung*) may establish standing orders (*Geschäftsordnung*) for its own procedures. All resolutions adopted by the Owners Meeting *(Trägerversammlung)* shall be recorded in minutes which shall be signed by the chair.

Voting rights in the Owners' Meeting *(Trägerversammlung)* shall be exercised in accordance with the proportion of the Issuer's share capital held by each owner.

The chair of the Owners' Meeting *(Trägerversammlung)* shall be the chair of the Lower Saxony Savings Banks and Giro Association (*Niedersächsischer Sparkassen- und Giroverband*). The first deputy chair shall be a member of the Owners' Meeting *(Trägerversammlung)* appointed by the Special Purpose Holding Association of the Mecklenburg-Western Pomerania Savings Banks (*Sparkassenbeteiligungszweckverband Mecklenburg-Vorpommern*) and the second deputy chair a member of the Owners' Meeting *(Trägerversammlung)* appointed by the Saxony-Anhalt Savings Banks Holding Association (*Sparkassenbeteiligungsverband Sachsen-Anhalt*).

The Owners' Meeting *(Trägerversammlung)* must be convened if one of the owners as set out in section 2 (1) and (3) of Norddeutsche Landesbank – Girozentrale –'s Articles of Association, at least seven members of the Supervisory Board or of the Managing Board so demand, giving reasons for their action. The Owners' Meeting *(Trägerversammlung)* shall be convened, and the agenda circulated, with two weeks' notice. A quorum shall exist if at least one member representing each owner is present at the Owners' Meeting *(Trägerversammlung)*. If no quorum is present at an Owners' Meeting *(Trägerversammlung)*, a new meeting shall be convened within two weeks to deal with the same agenda, at which meeting no minimum number of members needs to be present to constitute a quorum. This consequence must be stated in the invitation to the second meeting.

The Owners' Meeting *(Trägerversammlung)* shall decide

by a three-quarters majority of the share capital entitled to vote represented and the consent of at least four of the five owners on:

a) the amendment of Norddeutsche Landesbank – Girozentrale –'s Articles of Association,

b) the determination and the alteration of the capital stock and changes in the proportions of the Issuer's share capital held by the various owners,

c) general principles of business policy,

d) the acceptance of other entities incorporated under German public law into the Issuer and the taking of stakes in such entities by the Issuer, and the merger of the Issuer with other banks established under German public law through a merger agreement,

e) the conversion of the Issuer into a stock corporation (*Aktiengesellschaft*) or other legal form, and the adoption of the articles of association of such stock corporation,

f) standing orders for the Owners' Meeting *(Trägerversammlung)*;

g) articles of association for Braunschweigische Landessparkasse;

by a three-quarters majority of the share capital entitled to vote represented and the consent of atleast three of the five owners on:

h) the raising, and the determination of the amount and conditions, of other forms of liable equity capital,

i) the conclusion, modification and termination of profit-and-loss-transfer and control agreements;

by a simple majority of the share capital entitled to vote represented on:

j) the appropriation of the net annual surplus,

k) the approval of the appointment of the chair of the Managing Board,

l) the granting of discharge to the Managing Board and the Supervisory Board,

m) the establishment, transfer and closure of branches,

n) the commencement of building society operations in Saxony-Anhalt or Mecklenburg-Western Pomerania,

o) any resolution on arrangements relating to the costs and risks of establishing institutions with partial legal capacity,

p) the appointment of committee members who are not members of the Supervisory Board,

q) the level of remuneration of the members of the Supervisory Board, the committees and the advisory councils,

r) any other matters assigned to it in Norddeutsche Landesbank – Girozentrale –'s Articles of Association, provided that no other majority is provided for herein.

Any resolution to commence building society operations in Saxony-Anhalt shall require the consent of the Saxony-Anhalt Savings Banks Holding Association (*Sparkassenbeteiligungsverband Sachsen-Anhalt*), and any resolution to commence building society operations in Mecklenburg-Western Pomerania shall require the consent of the Special Purpose Holding Association of the Mecklenburg-Western Pomerania Savings Banks (*Sparkassenbeteiligungszweckverband Mecklenburg-Vorpommern*).

The chair of the Owners' Meeting *(Trägerversammlung)* may also seek the adoption of a resolution by the Owners' Meeting *(Trägerversammlung)* by circulating it to its members in written or facsimile form. Subject to there being technical provision for the unequivocal identification of the sender of a message, such a proposal may also be circulated electronically. In all such cases, the use of this procedure shall require the explicit approval of all owners.

The Owners' Meeting *(Trägerversammlung)* currently comprises the nine members below, who may be contacted at Norddeutsche Landesbank – Girozentrale –'s business address.

- Thomas Mang (President of Lower Saxony Savings Banks and Giro Association (*Niedersächsischer Sparkassen- und Giroverband*)), Chairman of Owners' Meeting *(Trägerversammlung)*
- Peter Siebken (Chairman of the Management Board of Sparkasse Neubrandenburg - Demmin), First Vice Chairman
- Dr Michael Ermrich (District Administrator (*Landrat*) of Landkreis Harz), Second Vice Chairman
- Frank Doods (Ministerial Advisor (*Ministerialrat*) to the Ministry of Finance of the state of Lower Saxony)
- Cora Jeanette Hermenau (Secretary of State (*Staatssekretärin*) to the Ministry of Finance of the state of Lower Saxony)
- Dr Heiko Geue (Secretary of State (*Staatssekretär*) to the Ministry of Finance of the state of Saxony-Anhalt)
- Jürgen Kiene (Chairman of the Managing Board of Sparkasse Burgenlandkreis)
- Dr Paul Krüger (Lord Mayor (*Oberbürgermeister*) of the City Ministry of Finance of the state of Neubrandenburg)
- Ludwig Momann (Chairman of the Management Board of Sparkasse Emsland)

No conflicts of interests of members of the Owner's Meeting (Trägerversammlung)
There are currently no potential conflicts of interest between the obligations of the members of the Owner's Meeting *(Trägerversammlung)* towards Norddeutsche Landesbank – Girozentrale – and their private interests or other obligations.

9. Owners of Norddeutsche Landesbank – Girozentrale –

The owners of Norddeutsche Landesbank – Girozentrale – are the German states of Lower Saxony and Saxony-Anhalt and the Lower Saxony Savings Banks and Giro Association (*Niedersächsischer Sparkassen- und Giroverband*), the Saxony-Anhalt Savings Banks Holding Association (*Sparkassen-beteiligungsverband Sachsen-Anhalt*) and the Special Purpose Holding Association of the Mecklenburg-Western Pomerania Savings Banks (*Sparkassenbeteiligungszweckverband Mecklenburg-Vorpommern*).

The state of Lower Saxony has an approximately 56.03 per cent. stake in the share capital of Norddeutsche Landesbank – Girozentrale – the state of Saxony-Anhalt holds approximately 5.99 per cent. of the shares, the Lower Saxony Savings Banks and Giro Association (*Niedersächsischer Sparkassen- und Giroverband*) owns approximately 28.36 per cent. of the shares, the Saxony-Anhalt Savings Banks Holding Association (*Sparkassenbeteiligungsverband Sachsen-Anhalt*) has an approximately 5.68 per cent. stake and the Special Purpose Holding Association of the Mecklenburg-Western Pomerania Savings Banks (*Sparkassenbeteiligungszweckverband Mecklenburg-Vorpommern*) owns approximately 3.94 per cent. of the shares.

The proportion of the shareholding in the Issuer's share capital (*Stammkapital*) can be amended by resolution of the Owners' Meeting *(Trägerversammlung)* by a three-quarter majority of the votes and the consent of at least four of the five owners.

10. Financial information on the asset, financial and earnings position

Historical financial information

The Unaudited Interim Consolidated Financial Statements as of 31 March 2012 are included in pages F-1 to F-37 whithin the section "Financials". The Consolidated Financial Statements 2011 and the respective Auditor's Report (*Bestätigungsvermerk*) are included in pages F-38 to F-142 whithin the section "Financials". The Annual Accounts 2011 and the respective Audit Opinion (*Bestätigungs-vermerk*) are included in pages F-143 to F-186 whithin the section "Financials".

The Consolidated Financial Statements 2010 and the respective Auditor's Report (*Bestätigungs-vermerk*) are contained in the Prospectus dated 18 May 2011 related to the EUR 25,000,000,000 Programme for the Issuance of Debt Instruments on pages F-1 to F-117 and incorporated into this Prospectus by reference and form part of this Prospectus (see section XI. "General Information 5. Incorporation by reference").

The Consolidated Financial Statements 2011 and the Consolidated Financial Statements 2010 were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) HGB.

The Annual Accounts 2011 were prepared in accordance with German generally accepted accounting principles ("**German GAAP**").

The Unaudited Interim Consolidated Financial Statements were prepared in accordance with IFRS on interim financial reporting (IAS 34), as adopted by the EU, and the additional requirements of the WpHG.

The Consolidated Financial Statements 2010 and the respective Auditor's Report (*Bestätigungsvermerk*) are incorporated by reference into this Prospectus and have been taken from the Annual Report (*Geschäftsbericht*) of the NORD/LB Group for the Financial Year 2010. The Consolidated Financial Statements 2011 and the respective Auditor's Report (*Bestätigungsvermerk*) contained in this Prospectus have been taken from the Annual Report (*Geschäftsbericht)* of the NORD/LB Group for the Financial Year 2011 respectively (see section XI. "General Information 4. Availability of documents").

The Annual Accounts 2011 and the respective Audit Opinion (*Bestätigungsvermerk*) have been taken from the Annual Report (*Geschäftsbericht*) of Norddeutsche Landesbank – Girozentrale – for the Financial Year 2011 (see section XI. "General Information 4. Availability of documents").

The Unaudited Interim Consolidated Financial Statements as of 31 March 2012 have been taken from the Interim Report (*Zwischensbericht*) of NORD/LB Group as of 31 March 2012 (see section XI. "General Information 4. Availability of documents").

The Auditor's Reports (*Bestätigungsvermerke*) with respect to the Consolidated Financial Statements 2010 and the Consolidated Financial Statements 2011 have been issued in accordance with § 322 HGB on the audited consolidated financial statements and the group management reports (*Konzernlageberichte*) each as a whole, respectively. The respective group management reports for the Financial Year 2010 and the Financial Year 2011 are neither included nor incorporated by reference in this Prospectus.

The Audit Opinion (*Bestätigungsvermerk*) with respect to the Annual Accounts 2011 of Norddeutsche Landesbank – Girozentrale – has been issued in accordance with § 322 HGB on the unconsolidated financial statements and the management report (*Lagebericht*) as a whole. The management report is neither included nor incorporated by reference in this Prospectus.

Court and Arbitration Proceedings
As a result of its extensive business activities, Norddeutsche Landesbank – Girozentrale – may regularly be involved in a range of different court proceedings concerning a variety of transactions.

There have been no governmental, legal or arbitration proceedings in the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of Norddeutsche Landesbank – Girozentrale – or the NORD/LB Group nor is Norddeutsche Landesbank – Girozentrale – aware of any such proceedings being pending or threatened.

Significant Changes in the Financial Position
Since 31 March 2012, there have been no significant changes in the financial position of NORD/LB Group.

V. DESCRIPTION OF THE INSTRUMENTS TO BE ISSUED

1. Description of the Instruments

The present section "Description of the Instruments" is an abstract description of the varieties for structuring the instruments which may be issued under the EUR 25,000,000,000 Programme for the Issuance of Debt Instruments of Norddeutsche Landesbank – Girozentrale – (the "**Instruments**"), offered or sold by the Issuer under the terms of this Prospectus and/or for which an application may be made for admission to a regulated market of a securities exchange or for inclusion in trading on a securities exchange.

It covers the following topics:

- Interest on the Instruments
- Redemption of the Instruments at maturity
- Early redemption of the Instruments
- Denomination of the Instruments
- Currency of the Instruments
- Status and ranking of the Instruments
- Form of Instruments
- Issue of further Instruments
- Substitution of the Issuer
- Resolutions of the holders (changes in terms and conditions)
- Governing law, place of performance, jurisdiction and limitation period.

The Instruments are securitised liabilities of the Issuer. The issue of the Instruments enables the Issuer to raise debt capital on the capital markets. The liabilities are represented by the issue of one or more global note(s) in bearer form. Definitive notes are not being issued by the Issuer.

The relevant terms and conditions of the Instruments, which will govern the relationship between the Issuer and the holders, are attached to the relevant global note(s) and form an integral part of such global note(s). The relevant terms and conditions of the Instruments are not set out in this Prospectus but will be made available for an investor for each issue of Instruments to be issued under this Prospectus as a separate document. The relevant terms and conditions of the Instruments will be published on the Issuer's website (http://www.nordlb.de), provided that the relevant Final Terms will be published also.

The following description is an abstract presentation of the possible structures of the Instruments to be issued under the terms of this Prospectus and does not refer to a specific issue of Instruments which will be issued under the terms of this Prospectus.

Potential investors should note that information relating to a specific issue of Instruments **that is not yet known at the date of this Prospectus**, including but not limited to the issue price, the date of the issue, the level of the interest rate (if the Instruments bear interest), the type of interest payable (if the Instruments bear interest), the maturity date, the appliance of any issuer's or holder's rights of termination and other details significantly affecting the economic assessment of the Instruments is not contained in this section of this Prospectus but in the final terms applying to the Instruments.

Consequently, the following description does not contain all information relating to the Instruments. Any investment decision by an investor should therefore be made only on the basis of full information on the Issuer and on the Instruments to be offered which is set out in this Prospectus and the applicable final terms for such Instruments when read together with this Prospectus.

Interest on the Instruments
The EUR 25,000,000,000 Programme for the Issuance of Debt Instruments of Norddeutsche Landesbank – Girozentrale – (the "**Programme**") provides for the issue of Instruments with a fixed rate of interest (*fixed rate instruments*), Instruments with a floating rate of interest (*floating rate instruments*), Instruments with a structured floating rate of interest (*structured floating rate instruments*), Instruments with a fixed rate and a floating rate of interest (*fixed to floating rate instruments*) and Instruments with no periodic payment of interest (*zero coupon instruments*).

Instruments with a fixed rate of interest (Fixed Rate Instruments)
In the case of Instruments with a fixed rate of interest (the "**Fixed Rate Instruments**"), the rate of interest on the basis of which periodic interest payments are calculated will have been specified before the issue date of the Instruments by the Issuer. The interest rate specified is based in principle on the credit rating of the Issuer applying directly prior to the issue date of the Instruments, the maturity of the Instruments and the interest rates for raising debt capital currently applying on the capital market.

The Issuer may provide that it will specify a rate of interest for the Instruments which will remain unchanged over the entire term or that the interest rate will increase (*step-up*, the "**Step-up Instruments**") or decrease (*step-down,* the "**Step-down Instruments**") as the term of the Instruments progresses on dates specified at the issue date of the Instruments. The level of the interest payments made over the term of the Instruments will change accordingly.

Instruments with a floating rate of interest (Floating Rate Instruments)
In the case of Instruments with a floating rate of interest (the "**Floating Rate Instruments**"), the interest rate on the basis of which the amount of interest payable to the holders is calculated is not specified at the issue date of the Instruments. Instead, the rate at which interest accrues changes over time and only the relevant variable on which the rate of interest on the Instruments is based (the reference interest rate) is specified. The reference interest rate reflects the normal terms currently applying on the capital market for raising funds in the form of debt capital for a period of between one to 12 months. Reference interest rates are subject to fluctuations and regularly adjust in response to the relevant parameters on the capital market. The rate of interest on Floating Rate Instruments may therefore change (i.e. rise or fall) many times over the term of the Instruments. If the relevant reference interest rate rises over the term of the Instruments, then the amount of interest payable on the Instruments will also increase. If the relevant reference interest rate falls over the term of the Instruments, then the amount of interest payable on the Instruments will also decrease.

Floating Rate Instruments are linked to a reference interest rate and may be structured in accordance with the following variants: (i) the relevant reference interest rate represents the rate of interest applicable to the Instruments on a one to one basis or (ii) a fixed rate of interest (margin) is added (premium) to the relevant reference interest rate depending on the credit rating of the Issuer, the maturity of the Instruments and the interest rates currently applying on the capital market for raising debt capital, i.e. the relevant reference interest rate and the premium together produce the rate of interest applicable to the Instruments or (iii) a fixed rate of interest (margin) is deducted (discount) from the relevant reference interest rate depending on the maturity of the Instruments and the interest rates currently applying on the capital market for raising debt capital, i.e. the relevant reference interest rate after deducting the discount produces the rate of interest applicable to the Instruments or (iv) the rate of interest based on the relevant reference interest rate is limited to an upper maximum interest rate determined in advance (cap), i.e. even if the relevant reference interest rate were to be higher than the maximum interest rate, only the maximum interest rate would be applicable to the Instruments for the relevant interest period or (v) the rate of interest based on the relevant reference interest rate is limited to a lower minimum interest rate determined in advance (floor), i.e. even if the relevant reference interest rate were to be lower than the minimum interest rate, the minimum interest rate would be applicable to the Instruments for the relevant interest period or (vi) the rate of interest based on the relevant reference interest rate is limited to an upper maximum interest rate and a lower minimum interest rate determined in advance (collared floater), i.e. the rate of interest is never higher than the maximum interest rate and never lower than the minimum interest rate and within that interest rate corridor is dependent on the changes in the relevant reference interest rate or (vii) the reference interest rate multiplied by a factor produces the rate of interest applicable to the Instruments.

Instruments with a structured floating rate of interest (Structured Floating Rate Instruments)
In the case of Instruments with a structured floating rate of interest (the "**Structured Floating Rate Instruments**"), the interest rate on the basis of which the amount of interest payable to the holders is calculated is not specified at the issue date of the Instruments, just as in the case of non-structured Floating Rate Instruments. Instead, the rate at which interest accrues changes over time and only the relevant variable on which the interest rate applicable to the Instruments is based (the basic rate of interest) is specified. The basic rate of interest is also a capital market rate of interest, similarly to the reference interest rate described in the section "*Instruments with a floating rate of interest (Floating Rate Instruments)*", with maturities of between one to 20 years.

Structured Floating Rate Instruments may also be structured in accordance with the same variants i) to vii) as the Instruments paying a floating rate of interest (as described in more detail in the section "*Instruments with a floating rate of interest (Floating Rate Instruments)*").

Instruments with a fixed and a floating rate of interest (Fixed to Floating Rate Instruments)
In the case of Instruments with a fixed and a floating rate of interest (Fixed to Floating Rate Instruments), the interest rate is specified at the issue date for a particular period and for particular interest payment dates (Fixed Rate Instrument), while the accrual of interest for the remaining period is linked to a relevant reference or a basic rate of interest and may change from one interest payment date to the next (Floating Rate Instrument or Structured Floating Rate Instrument). Fixed to Floating Rate Instruments are therefore a combination of a Fixed Rate Instrument and a Floating Rate Instrument or Structured Floating Rate Instrument.

Instruments with no periodic payment of interest (Zero Coupon Instruments)
In the case of Instruments with no periodic payment of interest (the "**Zero Coupon Instruments**"), the interest accrued takes the exclusive form of the redemption of the Zero Coupon Instruments at maturity at a higher amount than the issue price. A holder of Zero Coupon Instruments therefore receives "interest" as a one-time payment at maturity in the form of a redemption amount that is higher than the issue price. No periodic interest payments are made during the term of the Zero Coupon Instruments.

Due dates for interest payments and calculation of the amount of interest (except for Zero Coupon Instruments)
Interest payments may be made quarterly, semi-annually or annually or at other periodic dates in arrears. The amount of interest payable in respect of the Instruments is calculated by applying the relevant interest rate for the interest period concerned and the day count fraction to the par value of the Instruments.

Yield
In order to calculate the yield on the Instruments, all of the payment flows relating to the Instruments must be included (issue price, all interest payments and any transaction costs).

If the Instruments pay a floating rate of interest for part or all of their term, it is not possible to calculate the yield at the issue date of the Instruments. In this event, the yield can only be determined when the amounts of all the payments (interest payments and redemption amount) are known.

Redemption of the Instruments at maturity
Instruments issued under the terms of this Prospectus have a maturity which is determined at the issue date. Prior to the issue date of the Instruments, the Issuer specifies the maturity date on which it is obliged to redeem the Instruments and the amount at which it is obliged to redeem them.

Early redemption of the Instruments
The Instruments may include provisions under which they may be terminated by the Issuer (Issuer's right of termination) or by the holders (holders' right of termination without the occurrence of a termination event or due to the occurrence of a termination event). In the event of termination by the Issuer or by the holders, the Issuer is obliged to redeem the Instruments early and at an amount specified at the issue date of the Instruments. In such cases the Instruments are redeemed prior to their original maturity date and all rights and obligations arising under the Instruments expire.

Issuer’s right of termination without the occurrence of a termination event
The Issuer's rights of termination (subject to notice) are rights of termination on the basis of which the Issuer may terminate the Instruments without the occurrence of a termination event. The consequence of such termination is that the Issuer is obliged to redeem the Instruments prior to maturity on the date and at the amount specified on the issue date. At the issue date of the Instruments, the Issuer specifies dates on which it may terminate the Instruments and on which it is obliged to redeem the Instruments once they have been terminated. In order for such a right of termination to be exercised effectively, the Issuer is obliged to publish the notice of termination on the announcement date in accordance with the provisions for announcements. The exercise of a right of termination, the date and amount at which the Instruments are to be redeemed early by the Issuer are communicated to the holders by means of an announcement.

Issuer's right of termination due to the occurrence of a termination event
The Issuer's rights of termination due to the occurrence of a termination event are rights of termination on the basis of which the Issuer may terminate the Instruments on the occurrence of an event specified in advance. The consequence of such termination is that the Issuer is obliged to redeem the Instruments early and at an amount specified at the issue date of the Instruments. At the issue date of the Instruments, the Issuer specifies the events on the occurrence of which it is entitled in principle to terminate the Instruments. In order for such a right of termination to be exercised effectively, the Issuer is obliged to publish the notice of termination and must observe requirements for the form of the termination. The exercise of a right of termination, the date and amount at which the Instruments are to be redeemed early by the Issuer and the event following which the Issuer is entitled from its point of view to declare an extraordinary termination are communicated to the holders by means of an announcement.

An example of an event giving the right to termination is a change in tax law occurring after the issue date as a result of which the Issuer is required to withhold or deduct taxes and therefore to pay additional amounts to the holders of the Instruments due to particular provisions.

Another example of an event giving the right to termination is a change in supervisory law (e.g., the KWG) as a result of which Instruments are required to be treated differently for accounting purposes or from a structural point of view (e.g. with respect to their status and ranking) than at their issue date.

Holders' right of termination without the occurrence of a termination event
The holders' rights of termination (subject to notice) are rights of termination on the basis of which the holders may terminate the Instruments without the occurrence of a termination event. The consequence of such termination by holders is that the Issuer is obliged to redeem the Instruments prior to maturity on the date and at the amount specified on the issue date at the issue date of the Instruments. At the issue date of the Instruments, the Issuer specifies dates on which the holders may terminate the Instruments and on which the Issuer is obliged to redeem the Instruments once the holders have exercised their right of termination.

Holders' right of termination due to the occurrence of a termination event
The holders' rights of termination due to the occurrence of a termination event are rights of termination on the basis of which the holders may terminate the Instruments on the occurrence of an event specified in advance. The consequence of such termination by the holders is that the Issuer is obliged to redeem the Instruments early and at an amount so specified. In order for such right of termination to be exercised effectively, the holders are obliged to give notice of such termination to the Issuer in writing (section 126 of the BGB) upon the occurrence of a termination event.

An example of an event giving the right to termination is the failure of the Issuer to make a payment of capital or interest within 30 days after the relevant due date.

Repurchase
Notwithstanding the provisions governing the redemption or early redemption of the Instruments, the Issuer is entitled to purchase all or some of the Instruments at any time and at any price in the market or otherwise and to hold, cancel or resell them at its discretion.

The Issuer is also entitled to purchase subordinated instruments for the purposes of market stabilisation up to an amount of 3% of their total par value or as commission agent.

Denomination of the Instruments
Subject to compliance with all applicable legal or regulatory requirements, the Instruments may be issued in any denomination.

Currency of the Instruments
Instruments may be issued in any currency subject to compliance with all applicable legal or regulatory requirements.

Status and ranking of the Instruments
The Instruments issued under the terms of this Prospectus represent securitised liabilities of the Issuer. These liabilities may be unsecured and unsubordinated, unsecured and subordinated or secured in accordance with the provisions of the German Pfandbrief Act (*Pfandbriefgesetz* ("**PfandBG**")).

Instruments which are issued as unsubordinated and unsecured liabilities rank pari passu with each other and with all other unsubordinated, unsecured current and future liabilities of the Issuer, except for liabilities with a higher priority ranking by law.

Subordinated Instruments rank *pari passu* with each other. In the event of the Issuer's liquidation or insolvency, such liabilities will be subordinated to the claims of all unsubordinated creditors of the Issuer.

Form of Instruments
The Instruments are represented by the issue of one or more global note(s) in bearer form. Definitive notes will not be issued by the Issuer. The relevant terms and conditions of the Instruments, which will govern the relationship between the Issuer and the holders, are attached to the relevant global note(s) and form an integral part of such global note(s).

The Instruments will not be issued in the form of registered securities.

Issue of further Instruments
The Issuer reserves the right to issue further Instruments with the same terms without the consent of the holders in such a way that they will be consolidated with the Instruments issued previously, form a uniform series with them and increase their total par value.

Substitution of the Issuer
In certain circumstances and provided the Issuer is not in arrears with any payment of principal and/or interest in respect of the Instruments, a subsidiary of Norddeutsche Landesbank– Girozentrale – may replace Norddeutsche Landesbank– Girozentrale – in its capacity as Issuer at any time and without the consent of the holders with respect to all rights and obligations arising under or in connection with the Instruments.

Resolutions of the holders (changes in terms and conditions)
The Instruments may be structured in such a way that particular provisions of the terms and conditions may be amended by a majority resolution of the holders pursuant to the SchVG during the term of the Instruments. In particular, the holders may agree to the following measures by majority resolution:

(a) the amendment of the due dates for interest payments in respect of the Instruments or the reduction or cancellation of interest payments;

(b) the amendment of the due date for the repayment of the principal claim or the reduction of the amount of the principal claim;

(c) the subordination of the claims arising from the Instruments in insolvency proceedings of the Issuer;

(d) the conversion or exchange of the Instruments into or for shares, other securities or other assets embodying potential future benefits (*Leistungsversprechen*);

(e) the exchange and release of collateral;

(f) the amendment of the currency of the Instruments;

(g) the waiver or limitation of the holders' right of termination;

(h) the substitution of the Issuer;

(i) the amendment or cancellation of incidental provisions of the Instruments.

Governing law, place of performance, jurisdiction and limitation period
The form and content of the Instruments and the rights and obligations of the holders and the Issuer shall be determined in all respects by the law of the Federal Republic of Germany.

Hanover is the place of performance with regard to the Instruments.

The non-exclusive place of jurisdiction for all merchants (*Vollkaufleute*), legal persons under public law, special government funds and persons without a general place of jurisdiction in the Federal Republic of Germany is Hanover for all legal disputes arising from the Instruments.

The relevant limitation period for the limitation of claims arising from the Instruments is ten years.

2. Technical description of the Instruments

The present section "Technical description of the Instruments" is an abstract description of the possible economic and technical parameters of the Instruments which may be issued, offered or sold by the Issuer under the terms of this Prospectus and/or for which an application may be made for admission to a regulated market of a securities exchange or for inclusion in trading on a securities exchange.

It covers the following topics:

A. Denomination of the Instruments

B. Currency of the Instruments

C. Format of the Global Note

[1] Format of the New Global Note
OR
[2] Format of the Classical Global Note

D. Form of the Global Note

[1] Issue of a Temporary Global Note (TEFRA D)
OR
[2] Issue of a Permanent Global Note (TEFRA C or issue outside of the terms of TEFRA)

E. Central Securities Depositaries, Clearing System and ICSDs

F. Ranking of the Instruments

[1] Ranking of the Unsubordinated Instruments (except for Pfandbriefe)
OR
[2] Ranking of the Subordinated Instruments (except for Pfandbriefe)
OR
[3] Ranking of the Pfandbriefe

[1] Public Pfandbriefe
OR
[2] Mortgage Pfandbriefe
OR
[3] Ship Mortgage Pfandbriefe
OR
[4] Aircraft Mortgage Pfandbriefe

G. Interest

G.I. Interest on the Instruments

[1] Fixed Rate Instruments
OR
[2] Step-up/Step-down Instruments
OR
[3] Floating Rate Instruments and Structured Floating Rate Instruments
OR
[4] Fixed to Floating Rate Instruments
OR
[5] Zero Coupon Instruments

G.II. Due date for interest payments/Business Day Convention

[1] Instruments subject to the Following Business Day Convention
OR

[2] Instruments subject to the Modified Following Business Day Convention
OR
[3] Instruments subject to the Preceding Business Day Convention

G.III. Interest Period

G.IV Adjustment of the Interest Period

[1] Instruments with a non-adjusted Interest Period
OR
[2] Instruments with an adjusted Interest Period

G.V. Day Count Fraction

[1] Instruments with an Actual/Actual (ISDA) Day Count Fraction
OR
[2] Instruments with an Actual/Actual (ICMA 251) Day Count Fraction
OR
[3] Instruments with an Actual/365 (fixed) Day Count Fraction
OR
[4] Instruments with an Actual/360 Day Count Fraction
OR
[5] Instruments with a 30E/360 (Eurobond Basis) Day Count Fraction
OR
[6] Instruments with a 30/360, 360/360 or Bond Basis Day Count Fraction

G.VI. End of interest accrual

[1] Statutory default interest rate (except for Zero Coupon Instruments)
OR
[2] Statutory default interest rate for Zero Coupon Instruments

H. Redemption

[1] Redemption of the Instruments at maturity (except for Zero Coupon Instruments)

[1] Instruments subject to the Following Business Day Convention
OR
[2] Instruments subject to the Modified Following Business Day Convention
OR
[3] Instruments subject to the Preceding Business Day Convention

OR

[2] Redemption of Zero Coupon Instruments

[1] Instruments subject to the Following Business Day Convention
OR
[2] Instruments subject to the Modified Following Business Day Convention
OR
[3] Instruments subject to the Preceding Business Day Convention

I. Early redemption of the Instruments

I.I. Issuer's right of termination without the occurrence of a termination event

[1] Issuer's right of termination without the occurrence of a termination event
OR
[2] No Issuer right of termination without the occurrence of a termination event

I.II. Issuer's right of termination in the case of withholding taxes

[1] Issuer's right of termination in the case of withholding taxes
OR
[2] No Issuer right of termination in the case of withholding taxes

I.III. Issuer's right of termination for regulatory reasons

[1] Issuer's right of termination for regulatory reasons
OR
[2] No Issuer right of termination for regulatory reasons

I.IV. Holders' right of termination without the occurrence of a termination event

[1] Holders' right of termination without the occurrence of a termination event
OR
[2] No holder right of termination without the occurrence of a termination event

I.V. Holders' right of termination due to the occurrence of a termination event

[1] Holders' right of termination due to the occurrence of a termination event
OR
[2] No holder right of termination due to the occurrence of a termination event

I.VI. Repurchase

[1] Repurchase of Unsubordinated Instruments
OR
[2] Repurchase of Subordinated Instruments

J. Withholding tax

[1] Withholding tax rules applying to the Instruments (except for Pfandbriefe)
OR
[2] Withholding tax rules applying to Pfandbriefe

K. Fiscal Agent, Paying Agents and Calculation Agent

L. Bank Business Day

M. Substitution of the Issuer

N. Resolutions of the holders (changes in terms and conditions)

[1] Resolutions of the holders may be passed pursuant to the German Bond Act (*Schuldverschreibungsgesetz*)
OR
[2] No resolutions of the holders may be passed pursuant to the German Bond Act (*Schuldverschreibungsgesetz*)

O. Announcements

[1] Rules for Instruments not listed on a securities exchange
OR
[2] Rules for Instruments listed on a securities exchange (except for Luxembourg)
OR
[3] Rules for Instruments listed on the Luxembourg Stock Exchange
AND/OR
[4] Rules for announcements on the Issuer’s website

P. Governing law, place of performance, jurisdiction, limitation period and holders

The following description is an abstract presentation of the possible structures of the Instruments to be issued under the terms of this Prospectus and does not refer to a specific issue of Instruments which will be or have been issued under the terms of this Prospectus.

Potential investors should note that information relating to a specific issue of Instruments **that is or was not yet known at the date of this Prospectus**, including but not limited to the issue price, the date of the issue, the level of the interest rate (if the Instruments bear interest), the type of interest payable (if the Instruments bear interest), the maturity date, the appliance of any issuer's or holder's rights of termination and other details significantly affecting the economic assessment of the Instruments is not contained in this section of this Prospectus but in the final terms applying to the Instruments.

Consequently, the following description does not contain all information regarding a concrete issue of Instruments. Any investment decision by an investor should therefore be made only on the basis of full information on the Issuer and on the Instruments to be offered which is set out in this Prospectus and the applicable final terms for such Instruments when read together with this Prospectus.

The relevant terms and conditions of the Instruments, which will govern the relationship between the Issuer and the holders are attached to the relevant global note(s) and form an integral part of such global note(s). The relevant terms and conditions of the Instruments are not set out in this Prospectus but will be made available for an investor for each issue of Instruments to be issued under this Prospectus as a separate document. The relevant terms and conditions of the Instruments will be published on the Issuer's website (http://www.nordlb.de), provided that the relevant Final Terms will be published also

The sections in this "Technical description of the Instruments" mostly represent the following alternative scenarios and therefore include an "**OR**" in the relevant places. The section entitled "PART 1 – Technical Description of the Instruments" of the relevant Final Terms determines which variants apply to the holder and to a specific issue. Sections which do not include an "**OR**" are intended to be read cumulatively.

Terms that are defined in the Prospectus have the same meaning if they are used in the relevant Final Terms, unless the Final Terms provide otherwise. The boldfaced terms in this section of this Prospectus are terms which have the meaning as determined by the corresponding terms set out in the relevant Final Terms.

A. Denomination of the Instruments

The Instruments of Norddeutsche Landesbank – Girozentrale – (the "Issuer") are issued with a certain **Total Par Value**. They are broken down into a certain number of bearer Instruments with a certain **Par Value** for a Series of Instruments.

B. Currency of the Instruments

The Instruments are denominated in a certain **Currency**. All payments in respect of the Instruments will be made in this Currency.

C. Format of the Global Note

[1] Format of the New Global Note
The Instruments are issued in the form of a new global note ("New Global Note") and are held in custody by a common safekeeper on behalf of both ICSDs (see section E.).

The outstanding Total Par Value of the Instruments represented by a global note (the "Global Note") shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Instruments) shall be conclusive evidence of the outstanding Total Par Value of the Instruments represented by a Global Note and, for these purposes, a statement issued by an ICSD stating the outstanding amount of each of the Instruments so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

On any redemption or payment of interest being made in respect of, or purchase and cancellation of, any of the Instruments represented by a Global Note the Issuer shall procure that details of such redemption and payment or purchase and cancellation in respect of a Global Note shall be entered pro rata in the records of the ICSDs and, upon any such entry being made, the Total Par Value of the Instruments recorded in the records of the ICSDs and represented by a Global Note shall be reduced by the total amount of the Instruments so redeemed or purchased and cancelled. On an exchange of a portion of the Instruments represented only by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered pro rata in the records of the ICSDs.

OR

[2] Format of the Classical Global Note
The Instruments are issued in classical global note ("CGN") form and for certain Central Securities Depositaries kept in custody via a common depositary of the Central Securities Depositaries or by the Central Securities Depository directly.

D. Form of the Global Note

[1] Issue of a Temporary Global Note (TEFRA D)
(a) On issue, the Instruments will initially be represented by a temporary Global Note (the "Temporary Global Note") without interest coupons. The Temporary Global Note will be exchanged for a permanent Global Note without interest coupons, which will represent the Instruments for their entire residual term. The exchange will take place 40 days after settlement, at the earliest, against the presentation of a certification that no U.S. ownership (beneficial ownership) is involved, which corresponds with the requirements of the laws of the United States of America in terms of content and form or the existing practises of the clearing systems. The Temporary Global Note will be signed by two authorised representatives of the Issuer and, in case of Pfandbriefe additionally by a trustee appointed by the German Financial Supervisory Authority, in their own hand and, in addition, by an authentication agent of the Fiscal Agent in his own hand. Instruments in definitive form for individual notes or interest coupons will not be issued.

(b) Should interest on Instruments, which are represented by a Temporary Global Note, become due for payment, the respective interest payments will only be effected on the Temporary Global Note to the extent that a certification that no U.S. ownership (*beneficial ownership*) is involved has been presented to the Clearing System(s).

OR

[2] Issue of a Permanent Global Note (TEFRA C or issue outside of the terms of TEFRA)
The Instruments are represented throughout their entire term by a permanent global note (the "Permanent Global Note") without interest coupons. The Permanent Global Note will be signed by two authorised representatives of the Issuer and, in case of Pfandbriefe additionally by a trustee appointed by the German Financial Supervisory Authority, in their own hand and, in addition, by an authentication agent of the Fiscal Agent in his own hand. Instruments in definitive form for individual notes or interest coupons will not be issued.

E. Central Securities Depositaries, Clearing System and ICSDs

Central Securities Depositary (also referred to in the following as the "Clearing System") means Clearstream Banking AG, Eschborn ("Clearstream Frankfurt") or Euroclear Bank SA/NV ("Euroclear") and/or Clearstream Banking société anonyme, Luxembourg ("Clearstream Luxembourg").
Euroclear and Clearstream Luxembourg are both international central securities depositaries (ICSDs) (respectively an "ICSD", together the "ICSDs") with respect to the global notes.

F. Ranking of the Instruments

[1] Ranking of Unsubordinated Instruments (except for Pfandbriefe)
The Instruments establish direct, unconditional, unsubordinated and unsecured liabilities of the Issuer, which rank *pari passu* with each other and with all other unsubordinated and unsecured liabilities of the Issuer, except for liabilities ranking prior by law.

OR

[2] Ranking of Subordinated Instruments (except for Pfandbriefe)
(a) The Instruments establish liabilities of the Issuer ranking at least *pari passu* with each other and with all other subordinated liabilities of the Issuer. In the event of the Issuer's dissolution, liquidation or insolvency or in the event of proceedings that may result in the Issuer's dissolution or liquidation, these liabilities will be subordinated to the claims of all unsubordinated creditors of the Issuer with the result that, in all cases specified, payments will not be made on the liabilities until all of the Issuer's unsubordinated creditors have been satisfied in full.

(b) The holders of the Instruments are not entitled to set off claims arising from the Instruments against the Issuer's claims. Holders' rights arising from Instruments of this kind may not be secured by the Issuer or a third party in any way at any time.

(c) Subsequent agreements restricting subordination, accelerating the maturity of the Instruments or shortening any applicable notice period are not allowed. If Instruments that constitute long-term subordinated liabilities within the meaning of the German Banking Act (*Kreditwesengesetz ("*KWG"*))* are redeemed or repurchased before the Maturity Date otherwise than in the circumstances described or as a result of an early redemption (except for an early redemption in the event of termination by the Issuer in accordance with the provisions of the withholding tax regulations), then the amount redeemed or paid must be returned to the Issuer irrespective of any agreement to the contrary unless the amount paid has been replaced by other liable equity capital (*haftendes Eigenkapital*) within the meaning of sections 10 and 10a of the KWG being of at least equal status within the meaning of the KWG or the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht ("*BaFin*))* has agreed to such early redemption or repurchase.

OR

[3] *Ranking of the Pfandbriefe*
The Instruments establish direct, unconditional and unsubordinated liabilities of the Issuer in the form of Pfandbriefe, which rank *pari passu* with each other.

[1] *Public Pfandbriefe*
Public Pfandbriefe (*Öffentliche Pfandbriefe*) of the Issuer are covered in accordance with the German Pfandbrief Act (*Pfandbriefgesetz* ("PfandBG")) and rank at least *pari passu* with all other liabilities of the Issuer from Public Pfandbriefe.

OR

[2] *Mortgage Pfandbriefe*
Mortgage Pfandbriefe (*Hypothekenpfandbriefe*) of the Issuer are covered in accordance with the German Pfandbrief Act (*Pfandbriefgesetz* ("PfandBG")) and rank at least *pari passu* with all other liabilities of the Issuer from Mortgage Pfandbriefe.

OR

[3] *Ship Mortgage Covered Bonds*
Ship Mortgage Covered Bonds (*Schiffspfandbriefe*) of the Issuer are covered in accordance with the German Pfandbrief Act (*Pfandbriefgesetz* ("PfandBG")) and rank at least *pari passu* with all other liabilities of the Issuer from Ship Mortgage Covered Bonds.

OR

[4] *Aircraft Mortgage Covered Bonds*
Aircraft Mortgage Covered Bonds (*Flugzeugpfandbriefe*) of the Issuer are covered in accordance with the German Pfandbrief Act (*Pfandbriefgesetz* ("PfandBG")) and rank at least *pari passu* with all other liabilities of the Issuer from Aircraft Mortgage Covered Bonds.

G. Interest

G.I. Interest on the Instruments

[1] *Fixed Rate Instruments*
The Instruments will bear interest on their Par Value from the **Interest Commencement Date** (inclusive) until the **First Interest Payment Date** (exclusive) and, if there is more than one **Interest Payment Date**, thereafter from each Interest Payment Date (inclusive) until the next Interest Payment Date (exclusive) at the applicable **Rate of Interest** expressed as a percentage p.a.

The interest payable in respect of each Instrument will be calculated by applying the relevant Rate of Interest for the Interest Period concerned and the Day Count Fraction to the Par Value of the Instrument. The interest payable calculated shall be rounded down to or, where the value equals or exceeds half of a monetary unit, up to the next monetary unit in the Currency of the Instruments.

OR

[2] *Step-up/Step-down Instruments*
The Instruments will bear interest on their Par Value from the **Interest Commencement Date** (inclusive) until the **First Interest Payment Date** (exclusive) and thereafter from each **Interest Payment Date** (inclusive) until the next Interest Payment Date (exclusive) at the **First Rate of Interest** expressed as a percentage p.a.

The Instruments will bear interest on their Par Value from the **Interest Commencement Date for the Second Rate of Interest** (inclusive) until the next **Interest Payment Date** (exclusive) and thereafter from each **Interest Payment Date** (inclusive) until the next Interest Payment

Date (exclusive) at the **Second Rate of Interest** expressed as a percentage p.a. (the First Rate of Interest and the Second Rate of Interest and any further Rate of Interest collectively the "Rate of Interest").

Additionally, the Issuer can set further Rates of Interest and Interest Periods which may apply after the expiration of the period during which the Instruments bear interest at the **Second Rate of Interest**.

The interest payable in respect of each Instrument will be calculated by applying the relevant Rate of Interest for the Interest Period concerned and the Day Count Fraction to the Par Value of the Instrument. The interest payable calculated shall be rounded down to or, where the value equals or exceeds half of a monetary unit, up to the next monetary unit in the Currency of the Instruments.

OR

[3] Floating Rate Instruments and Structured Floating Rate Instruments

(a) Interest

The Instruments will bear interest on their Par Value at a **Floating Rate** (expressed as a percentage p.a.) initially from the **Floating Rate Interest Commencement Date** (inclusive) until the **First Floating Rate Interest Payment Date** (exclusive) and thereafter from each **Floating Rate Interest Payment Date** (inclusive) until the next **Floating Rate Interest Payment Date** (exclusive).

The Floating Rate is equal to

[1] the **Reference Interest Rate**, taking into account any **Minimum Rate of Interest** and/or **Maximum Rate of Interest**

OR

[2] the **Reference Interest Rate** plus the relevant **Premium** taking into account any **Minimum Rate of Interest** and/or **Maximum Rate of Interest**

OR

[3] the **Reference Interest Rate** less the relevant **Discount** taking into account any **Minimum Rate of Interest** and/or **Maximum Rate of Interest**

OR

[4] the **Reference Interest Rate** multiplied by the relevant **Factor** taking into account any **Minimum Rate of Interest** and/or **Maximum Rate of Interest**

OR

[5] the **CMS Interest Rate**, taking into account any **Minimum Rate of Interest** and/or **Maximum Rate of Interest**

OR

[6] the **CMS Interest Rate** plus the relevant **Premium** taking into account any **Minimum Rate of Interest** and/or **Maximum Rate of Interest**

OR

[7] the **CMS Interest Rate** less the relevant **Discount** taking into account any **Minimum Rate of Interest** and/or **Maximum Rate of Interest**

OR

[8] the **CMS Interest Rate** multiplied by the relevant **Factor** taking into account any **Minimum Rate of Interest** and/or **Maximum Rate of Interest**

(b) Determination of the Floating Rate on the basis of a Reference Interest Rate or of a CMS Interest Rate

[1] A Reference Interest Rate will be set by the Calculation Agent (with this term including any successors in this function) in accordance with the following principles:

(i) The Calculation Agent will determine the Reference Interest Rate for the applicable Interest Period in the Currency of the Instruments from the **Relevant**

Information Source in accordance with the provisions relating to the **Interest Determination Date**.

(ii) If no Reference Interest Rate is published in the Relevant Information Source on the Interest Determination Date, the following shall apply:

(1) The Calculation Agent will request at least three banks with international standing (the "Reference Banks") to provide quotes for the interest rates at which the banks would pay other first-class banks in interest on deposits with a term corresponding to the relevant Interest Period. If at least two banks have quoted, the Reference Interest Rate for the relevant Interest Period will be the arithmetic mean of these quotations as calculated by the Calculation Agent (using the rounding provisions applicable to the respective Reference Interest Rate).

(2) If less than two banks have quoted in accordance with the previous paragraph, the Reference Interest Rate for the relevant Interest Period shall be the arithmetic mean of the interest rates quoted by these banks which these banks would grant other first-class banks on the Interest Determination Date for loans in the Currency of the Instruments with a term corresponding to the relevant Interest Period.

(iii) In the event that the Reference Interest Rate cannot be determined in the manner described above, the Reference Interest Rate published lastly in the Relevant Information Source on a Bank Business Day will apply as the Reference Interest Rate for the relevant Interest Period.

OR

[2] A CMS Interest Rate shall be determined by the Calculation Agent according to the following principles:

(i) The Calculation Agent will determine the CMS Interest Rate for the applicable Interest Period from the **Relevant Information Source** in accordance with the provisions relating to the **Interest Determination Date**.

(ii) If no CMS Interest Rate can be determined on the basis of the Relevant Information Source on the Interest Determination Date, the following shall apply:

(1) The Calculation Agent will ask at least three banks of international standing (the "Reference Banks") to provide quotations for the CMS Interest Rate. If at least two Reference Banks have provided quotations, the CMS Interest Rate for the relevant Interest Period will be determined on the basis of the arithmetic mean of these quotations as calculated by the Calculation Agent (rounded in accordance with the prevailing Swap practices).

(2) If the CMS Interest Rate is quoted by only one Reference Bank on the Interest Determination Date, the CMS Interest Rate for the relevant Interest Period will be the rate quoted by this Reference Bank on this Interest Determination Date.

(iii) In the event that the CMS Interest Rate cannot be determined in the manner described above, the Reference Interest Rate published lastly in the Relevant Information Source on a Bank Business Day will apply as the CMS Interest Rate for the relevant Interest Period.

(c) Announcement of interest payable

The Calculation Agent shall ensure that the Floating Rate, the interest payable for the respective Interest Period, and the respective Floating Rate Interest Payment Date are submitted to the Fiscal Agent, who shall then arrange for the notification of the other Paying Agents as soon as possible after the relevant determination.

The holders will be informed about the determination of the Floating Rate in accordance with the provisions relating to Announcements.

The determination of the Floating Rates and the interest amounts payable in each case shall in any event be final and binding upon all the parties involved, except in the case of a manifest error.

(d) Calculation of interest payable

The interest payable in respect of each Instrument will be calculated by applying the relevant Floating Rate for the Interest Period concerned and the Day Count Fraction to the Par Value of the Instrument. The interest payable calculated shall be rounded down to or, where the value equals or exceeds half of a monetary unit, up to the next monetary unit in the Currency of the Instruments.

OR

[4] Fixed to Floating Rate Instruments

(a) Interest

The Instruments will bear interest on their Par Value from the **Interest Commencement Date** (inclusive) until the **First Interest Payment Date** (exclusive) and, if there is more than one **Interest Payment Date**, thereafter from each Interest Payment Date (inclusive) until the next Interest Payment Date (exclusive) at the applicable **Rate of Interest** expressed as a percentage p.a.

The Instruments will bear interest on their Par Value at a **Floating Rate** (expressed as a percentage p.a.) initially from the **Floating Rate Interest Commencement Date** (inclusive) until the **First Floating Rate Interest Payment Date** (exclusive) and thereafter from each **Floating Rate Interest Payment Date** (inclusive) until the next **Floating Rate Interest Payment Date** (exclusive).

Moreover, reference is made to the description under G.I. [3] in relation to floating rate instruments and structured floating rate instruments.

(b) Determination of the Floating Rate on the basis of a Reference Interest Rate or of a CMS Interest Rate

With respect to a description of the calculation of the Floating Rate of Interest on the basis of (i) a Reference Interest Rate, reference is made to the description under G.I.[3](b)[1] and (ii) a CMS Interest Rate reference is made to the description under G.I.[3](b)[2].

(c) Announcement of interest payable

The Calculation Agent shall ensure that the Floating Rate, the interest payable for the respective Interest Period, to the extent this is calculated using the Floating Rate, and the respective Floating Rate Interest Payment Date are submitted to the Fiscal Agent, who shall then arrange for the notification of the other Paying Agents as soon as possible after the relevant determination.

The holders will be informed about the determination of the Floating Rate in accordance with the provisions relating to Announcements.
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The determination of the Floating Rates and the interest payable in each case shall in any event be final and binding upon all the parties involved, except in the case of a manifest error.

(d) Calculation of interest payable

The interest payable in respect of each Instrument will be calculated by applying the relevant Interest Rate or Floating Rate for the Interest Period concerned and the Day Count Fraction to the Par Value of the Instrument. The interest payable calculated shall be rounded down to or, where the value equals or exceeds half of a monetary unit, up to the next monetary unit in the Currency of the Instruments.

OR

[5] Zero Coupon Instruments

No periodic interest payments will be made in respect of the Instruments. In the case of the issue of Zero Coupon Instruments paragraphs G.II. to G.IV. do not apply.

G.II. Due dates for interest payments/Business Day Convention

[1] Instruments subject to the Following Business Day Convention
Interest is payable in arrears on each Interest Payment Date or Floating Rate Interest Payment Date unless the Interest Payment Date or Floating Rate Interest Payment Date in question is not a Bank Business Day. If the respective Interest Payment Date or Floating Rate Interest Payment Date is not a Bank Business Day, the holder shall have no right to payment before the next Bank Business Day.

OR

[2] Instruments subject to the Modified Following Business Day Convention
Interest is payable in arrears on each Interest Payment Date or Floating Rate Interest Payment Date unless the Interest Payment Date or Floating Rate Interest Payment Date in question is not a Bank Business Day.

If the respective Interest Payment Date or Floating Rate Interest Payment Date is not a Bank Business Day, then the payment of interest due will be made on the following Bank Business Day. However, if the following Bank Business Day falls into the following calendar month, the interest due will be paid on the preceding Bank Business Day.

OR

[3] Instruments subject to the Preceding Business Day Convention
Interest is payable in arrears on each Interest Payment Date or Floating Rate Interest Payment Date unless the Interest Payment Date or Floating Rate Interest Payment Date in question is not a Bank Business Day.

If the respective Interest Payment Date or Floating Rate Interest Payment Date is not a Bank Business Day, then the payment of interest due will be made on the preceding Bank Business Day.

G.III. Interest Period

An Interest Period begins with the Interest Commencement Date or Floating Rate Interest Commencement Date (inclusive) and ends on the following Interest Payment Date or Floating Rate Interest Payment Date (exclusive). Subsequently, each Interest Period begins with an Interest Payment Date or Floating Rate Interest Payment Date (inclusive) and ends with the following Interest Payment Date or Floating Rate Interest Payment Date (exclusive) (each of such periods an “Interest Period”).

G.IV. Adjustment of the Interest Period

[1] Instruments with a non-adjusted Interest Period
In the case of Instruments with a non-adjusted Interest Period, the holder is not entitled to demand additional interest or other payments as a result of this adjustment nor is he required to accept a reduction of the interest due as a result of the adjustment.

OR

[2] Instruments with an adjusted Interest Period
In the case of Instruments with an adjusted Interest Period, the holder is entitled to a further payment of interest for each additional day by which the Interest Payment Date or Floating Rate Interest Payment Date is postponed due to the adjustment. If by contrast the Interest Payment Date or Floating Rate Interest Payment Date is brought forward to the immediately preceding Bank Business Day, the holder shall only be entitled to interest until the actual Interest Payment Date or Floating Rate Interest Payment Date and not until the scheduled Interest Payment Date or Floating Rate Interest Payment Date.

G.V. Day Count Fraction

With regard to the calculation of any amount payable on Instruments for any period (the "Interest Calculation Period"), the **Day Count Fraction** is

[1] Instruments with an Actual/Actual (ISDA) Day Count Fraction
the actual number of days in the Interest Calculation Period divided by 365 (or, if any portion of that Interest Calculation Period falls into a leap year, the sum of (i) the actual number of days in that portion of the Interest Calculation Period falling into the leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Calculation Period not falling into the leap year divided by 365.)

OR

[2] Instruments with an Actual/Actual (ICMA 251) Day Count Fraction

(a) in the event that the Interest Calculation Period (including the first, but excluding the last day of this period) is equal to or shorter than the Interest Determination Period into which the end of the Interest Calculation Period falls: the number of days in this Interest Calculation Period (including the first, but excluding the last day of this period) divided by the product of (A) the number of days in the Interest Determination Period into which the Interest Calculation Period falls and (B) the number of Interest Determination Periods that fall into one calendar year or that would fall into one calendar year if interest were payable in respect of the whole of the year; or

(b) in the event that the Interest Calculation Period exceeds the Interest Determination Period into which the end of the Interest Calculation Period falls: the sum of (A) the number of days in such Interest Calculation Period falling into the Interest Determination Period in which the Interest Calculation Period begins, divided by the product of (i) the number of days in such Interest Determination Period and (ii) the number of Interest Determination Periods that fall into one calendar year or that would fall into one calendar year if interest were payable in respect of the whole of the year and (B) the number of days in such Interest Calculation Period falling into the next Interest Determination Period, divided by the product of (i) the number of days in such Interest Determination Period and (ii) the number of Interest Determination Periods that fall into one calendar year or that would fall into one calendar year if interest were payable in respect of the whole of the year.

"Interest Determination Period" is the period from the Interest Commencement Date (inclusive) to the First Interest Payment Date or First Floating Rate Interest Payment Date (exclusive) respectively or from each Interest Payment Date or Floating Rate Interest Payment Date (inclusive) respectively until the next Interest Payment Date or Floating Rate Interest Payment Date (exclusive) respectively. In the case of a short first or last interest calculation period or a long first or last interest calculation period and for the purposes of determining the Interest

Determination Period the **Deemed Interest Commencement Date** shall be deemed to be the Interest Commencement Date and the **Deemed Interest Payment Date** shall be deemed to be the Interest Payment Date or Floating Rate Interest Payment Date respectively.

OR

[3] *Instruments with an Actual/365 (fixed) Day Count Fraction*
the number of days actually elapsed in the Interest Calculation Period divided by 365.

OR

[4] *Instruments with an Actual/360 Day Count Fraction*
the number of days actually elapsed in the Interest Calculation Period divided by 360.

OR

[5] *Instruments with a 30E/360 (Eurobond Basis) Day Count Fraction*
the number of days in the Interest Calculation Period divided by 360. The number of days is to be determined on the basis of a year of 360 days with 12 months of 30 days each, without taking account of the first day and the last day of the Interest Calculation Period, unless, in the case of the final Interest Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month.

OR

[6] *Instruments with a 30/360, 360/360 or Bond Basis Day Count Fraction*
the number of days in the Interest Calculation Period divided by 360, whereby the number of days is to be determined on the basis of a year of 360 days with 12 months of 30 days each, unless (i) the last day of the Interest Calculation Period falls on the 31st day of a month, while the first day of the Interest Calculation Period falls neither on the 30th nor on the 31st day of a month, in which case the month containing that day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Interest Calculation Period falls on the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month.

G.VI. End of interest accrual

The accrual of interest on the Instruments ends with the expiration of the day preceding the day on which the Instruments mature for redemption.

If the Issuer does not redeem the instruments on the Maturity Date or does not redeem them in full, the accrual of interest on the outstanding amount of the Instruments shall not end at the expiration of the day preceding the Maturity Date but only end at the expiration of the day preceding the day on which the Instruments are actually redeemed.

[1] *Statutory default interest rate (except for Zero Coupon Instruments)*
The interest rate then applicable is based on the legal provisions, unless the interest rate agreed is higher than the legally stipulated interest rate. In this event the interest rate agreed shall continue to apply.

OR

[2] *Statutory default interest rate for Zero Coupon Instruments*
The interest rate then applicable is based on the legal provisions, unless the Amortisation Yield is higher than the legally stipulated interest rate. In this case, the Instruments will continue to accrue interest at the Amortisation Yield rate. The Amortisation Yield is described as part of the description of the redemption of the Zero Coupon Instruments (see H.[2](a)).

H. Redemption

[1] Redemption of the Instruments at maturity (except for Zero Coupon Instruments)

(a) *Maturity*

Unless previously redeemed or repurchased in whole or in part, the Instruments will be redeemed at the **Redemption Amount** on the **Maturity Date**.

(b) *Adjustment of the Redemption Date*

[1] Instruments subject to the Following Business Day Convention
If the Maturity Date falls on a day that is not a Bank Business Day, the Instruments will be redeemed on the following Bank Business Day.

OR

[2] Instruments subject to the Modified Following Business Day Convention
If the Maturity Date falls on a day that is not a Bank Business Day, the Instruments will be redeemed on the following Bank Business Day. However, if the following Bank Business Day falls into the following calendar month, the Instruments will be redeemed on the preceding Bank Business Day.

OR

[3] Instruments subject to the Preceding Business Day Convention
If the Maturity Date falls on a day that is not a Bank Business Day, the Instruments will be redeemed on the preceding Bank Business Day.

OR

[2] Redemption of Zero Coupon Instruments

(a) *Maturity*
Unless previously redeemed or repurchased in whole or in part, the Instruments will be redeemed at the amortised face value on the **Maturity Date**.

The amortised face value corresponds to the sum of the **Reference Price** and of the product of the Reference Price and the **Amortisation Yield** (annually capitalised) relating to the period that starts on the Issue Date (inclusive) and ends on the Redemption Date (as defined below) (exclusive) or in the event the Instruments are redeemed on the Maturity Date, on the Maturity Date (exclusive)) (the “Amortised Face Value”).

Redemption date for the purposes of the section above is the day on which the Instruments are redeemed after having been called for early redemption (the “Redemption Date”).

(b) *Adjustment of the Redemption Date*

[1] Instruments subject to the Following Business Day Convention
If the Maturity Date falls on a day that is not a Bank Business Day, the Instruments will be redeemed on the following Bank Business Day.

OR

[2] Instruments subject to the Modified Following Business Day Convention
If the Maturity Date falls on a day that is not a Bank Business Day, the Instruments will be redeemed on the following Bank Business Day. However, if the following Bank Business Day falls into the following calendar month, the Instruments will be redeemed on the preceding Bank Business Day.

OR

[3] *Instruments subject to the Preceding Business Day Convention*
If the Maturity Date falls on a day that is not a Bank Business Day, the Instruments will be redeemed on the preceding Bank Business Day.

I. Early redemption of the Instruments

I. I. Issuer's right of termination without the occurrence of a termination event

[1] *Issuer's right of termination without the occurrence of a termination event*
The Issuer shall have the right to terminate all but not some of the Instruments on one or more **Call Dates** and to pay the Redemption Amount or the Amortised Face Value in the case of Zero Coupon Instruments to the holders early. The Issuer's call shall be irrevocable and must specify the relevant Call Date. In the event of such ordinary termination, the Issuer shall publish a notice at the latest on the **Announcement Date** in accordance with the provisions governing announcements. The rights and obligations arising from the Instruments shall expire upon redemption.

OR

[2] *No Issuer right of termination without the occurrence of a termination event*
The Issuer shall not have the right to terminate the Instruments and to make a payment to the holders in respect of redemption prior to the Maturity Date.

I.II. Issuer's right of termination in the case of withholding taxes

[1] *Issuer's right of termination in the case of withholding taxes*
Should the Issuer be obliged to pay additional amounts in accordance with the provisions of the withholding tax regulations as a result of a change in the legal provisions applying in the country in which the Issuer's registered office is situated coming into effect after the issue of Instruments which are not subordinated or which represent longer-term subordinated liabilities for the purposes of the KWG or as a result of a change in the application or official interpretation of those legal provisions, the Issuer shall be entitled to terminate the Instruments.

Subject to a notice period of at least 30 and no more than 60 days, the Issuer shall be entitled to give notice by means of an announcement of the early termination of all but not some of the outstanding Instruments at the Redemption Amount (plus any accrued interest if applicable) or the Amortised Face Value in the case of Zero Coupon Instruments. The Issuer's call shall be irrevocable and must specify the day on which the Instruments will be redeemed early. However, notice of this kind may be given no earlier than 90 days before the date on which the change in the legal provisions or their application or their official interpretation comes into effect. The rights and obligations arising from the Instruments shall expire upon redemption.

OR

[2] *No Issuer right of termination in the case of withholding taxes*
The Issuer shall not have the right to terminate the Instruments for reasons connected with the withholding tax regulations (as described in more detail under J.) and to make a payment to the holders in respect of redemption prior to the Maturity Date.

I.III. Issuer's right of termination for regulatory reasons

[1] *Issuer's right of termination for regulatory reasons*
The Issuer shall be entitled to terminate all but not some of the Instruments, if due to a change affecting the legal provisions applying in the country in which the Issuer's registered office is situated or as a result of a change in their application or official interpretation, the Instruments no longer qualify as long-term subordinated liabilities pursuant to § 10 Paragraph 5a of the KWG.

Subject to a notice period of at least 30 and no more than 60 days, the Issuer shall be entitled to give notice by means of an announcement of the early termination of all but not some of the outstanding Instruments at the Redemption Amount (plus any accrued interest if applicable) or the Amortised Face Value in the case of Zero Coupon Instruments. The Issuer's call shall be irrevocable and must specify the day on which the Instruments will be redeemed early. However, notice of this kind may be given no earlier than 90 days before the date on which the change in the legal provisions or their application or their official interpretation comes into effect. The rights and obligations arising from the Instruments shall expire upon redemption.

OR

[2] No Issuer right of termination for regulatory reasons
The Issuer shall not have the right to terminate the Instruments for regulatory reasons and to make a payment to the holders in respect of redemption prior to the Maturity Date.

I.IV. Holders' right of termination without the occurrence of a termination event

[1] Holders' right of termination without the occurrence of a termination event
Each holder of Instruments shall have the right to require the Issuer to redeem the Instruments at the Redemption Amount or, in the case of Zero Coupon Instruments, the Amortised Face Value on the **Put Date** or on several Put Dates. To exercise this right, the holder of the Instruments must deposit his Instruments with a Paying Agent at least 45 days before the date specified for redemption and convey to the Paying Agent a properly completed put notice using the form available from every Paying Agent. The put notice must specify (A) the total par value of the Instruments in respect of which such option is being exercised and (B) the securities identification number of such Instruments, if any. No option so exercised may be revoked or withdrawn. The Issuer shall only be required to redeem Instruments in respect of which such option is exercised against delivery of such Instruments to the Issuer or to its order. The rights and obligations arising from the Instruments shall expire upon redemption.

OR

[2] No Holder right of termination without the occurrence of a termination event
A holder individually and the holders collectively do not have the right to terminate the Instruments and to require the Issuer to redeem them prior to the Maturity Date.

I.V. Holders' right of termination due to the occurrence of a termination event

[1] Holders' right of termination due to the occurrence of a termination event
Each holder of Instruments shall have the right to terminate his Instruments and require the Issuer to redeem them at the Redemption Amount (plus any accrued interest if applicable) or Amortised Face Value in the case of Zero Coupon Instruments, if

(a) the Issuer fails to pay principal or interest within 30 days of the relevant due date, or

(b) the Issuer fails to perform any other obligation under the Instruments in the proper manner and, unless it is impossible to rectify the non-performance, the non-performance persists for more than 30 days after the Issuer has received notification to this effect from the holder, or

(c) a court or another authority in the country where the Issuer's registered office is located opens insolvency proceedings or proceedings equivalent to this against the Issuer or the Issuer applies for or initiates proceedings of this kind, suspends all its payments or announces suspension of payments or offers or agrees a general settlement of debts in favour of its creditors, or

(d) the Issuer is dissolved or liquidated or gives up its entire business activity or a substantial part thereof, unless such measures are carried out in connection with a merger, consolidation or another form of combination with another company or a reorganisation, and this company, in the case of the Issuer, assumes all obligations under the Instruments.

Notice of early redemption shall be given to the Issuer in writing (§ 126 of the German Civil Code (*Bürgerliches* Gesetzbuch (“BGB”)). The electronic form may not be used.

Upon receipt of this notice by the Issuer and the existence of an event of default in accordance with lit. (a) to (d), the Instruments in respect of which notice of early redemption has been given will immediately become due unless all the events on which the notice of early redemption were based cease to exist with regard to all Instruments prior to receipt of the notice.

OR

[2] No holder right of termination due to the occurrence of a termination event
A holder individually and the holders collectively do not have the right to terminate the Instruments and to require the Issuer to redeem them prior to the Maturity Date (this applies only to Subordinated Instruments).

I.VI. Repurchase

[1] Repurchase of Unsubordinated Instruments
The Issuer shall be entitled to purchase Instruments in the market or elsewhere at any time and at any price, either in whole or in part, and to hold them, to cancel them or re-sell them at its own discretion.

OR

[2] Repurchase of Subordinated Instruments
The Issuer shall be entitled to purchase the Instruments for the purpose of market stabilisation up to an amount of up to 3% of their Total Par Value (the intention to make such purchase must be notified to the BaFin and to the Bundesbank without undue delay), or as commission agent.

J. Withholding tax

[1] Withholding tax rules applying to the Instruments (except for Pfandbriefe)

(a) All payments of principal and interest in respect of the Instruments shall be made without withholding or deduction of or because of any present or future taxes, duties or fees of whatever nature that may be imposed, levied or collected by or in the country where the Issuer’s registered office is located or in the United States of America (“Withholding Taxes”) unless such withholding or deduction is required by law or pursuant to an agreement entered into between the Issuer and the United States of America.

If a withholding or deduction of Withholding Taxes is prescribed by law or pursuant to an agreement entered into between the Issuer and the United States of America, the Issuer will be obliged to pay those additional amounts to the holders of the Instruments that are needed to ensure that the net amounts received by the holders of the Instruments after withholdings or deductions of this kind correspond to the respective amounts of capital and interest that they would have received without withholdings or deductions of this kind. However, the Issuer is not obliged to pay additional amounts with respect to Withholding Taxes of this kind:

(i) that are withheld or deducted by a credit or financial institution in Germany (or a branch office of a foreign credit or financial institution situated in Germany) because it has kept or administered or keeps or administers the Instruments in its capacity as custodian bank or collection agent of the holder, or in a similar capacity; or

(ii) that are avoidable or would have been avoidable by fulfilling statutory requirements or submitting a declaration of non-residence or by otherwise enforcing a claim for exemption vis à vis the relevant tax authority; or

(iii) that are only payable because the holder of the Instruments has another relationship with the country in which the Issuer's registered office is situated other than the mere circumstance that he is a holder of the Instruments on which the payment is effected; or

(iv) that the holder of the Instruments would not be subject to if he had demanded payment of capital and interest within 30 days of the respective due date or following the date on which the moneys needed for a payment of this kind were received by the Fiscal Agent and this was in accordance with the provisions relating to announcements; or

(v) that are deducted or withheld by a Paying Agent, if the payment could have been effected by another Paying Agent, in particular, a foreign Paying Agent, without a deduction or withholding of this kind; or

(vi) that are deducted or withheld on the basis of a directive or regulation of the European Union relating to the taxation of interest income or an inter-governmental agreement on its taxation in which the Federal Republic of Germany or the European Union is involved or of a provision that implements or follows this directive, regulation or agreement; or

(vii) that are deducted or withheld because the beneficial owner of the Instruments is not himself the legal owner (holder) of the Instruments and the deduction or withholding in respect of payments to the beneficial owner would not have been made or the payment of additional amounts in respect of a payment to the beneficial owner in accordance with above provisions (i) to (vi) could have been avoided if the latter had also been the legal owner (holder) of the Instruments; or

(viii) that are levied pursuant to section 1471 to 1474 of the U.S. Internal Revenue Code of 1986 as amended or pursuant to an agreement entered into between the Issuer and the United States of America in relation to Instruments issued after 31 December 2012.

(b) Each reference in this Technical Description of the Instruments in connection with the amount of capital and interest to be paid also includes additional amounts in accordance with this provision.

OR

[2] Withholding tax rules applying to Pfandbriefe

All payments of principal and interest in respect of the Instruments shall be made without withholding or deduction of or because of any present or future taxes, duties or fees of whatever nature that may be imposed, levied or collected by or in the country where the Issuer's registered office is located or in the United States of America ("Withholding Taxes") unless such withholding or deduction is required by law or pursuant to a treaty entered into between the Issuer and the United States of America. In this event, the Issuer will not pay any additional amounts to the holders in order to compensate them for such withholding or deduction.

K. Fiscal Agent, Paying Agents and Calculation Agent[8]

(a) The Issuer shall appoint an applicable **Fiscal Agent**, an initially appointed applicable **Paying Agent or Paying Agents** and an initially appointed applicable **Calculation Agent**.

[8] A Calculation Agent shall be deemed to have been stipulated only in respect of Floating Rate Instruments.

The Fiscal Agent and the Paying Agent(s) and the Calculation Agent reserve the right to replace the designated office with a different designated office in the same town at any time.

(b) The Issuer reserves the right to change or terminate the appointment of a Fiscal Agent or of a Paying Agent or of the Calculation Agent and to appoint a different Fiscal Agent or (a) different / (an) additional Paying Agent(s) or a different Calculation Agent at any time.

The Issuer shall at all times maintain (i) a Fiscal Agent and (ii) a Paying Agent (which may be the Fiscal Agent) with a designated office in a continental European town. As long as the Instruments are listed on a stock exchange, the Issuer shall maintain a Paying Agent (which may be the Fiscal Agent) with a designated office at the stock exchange's registered office and/or at such other places as required by the rules of that stock exchange.

In the event that the Instruments provide for payment to be made to the holders in U.S. dollars, then, if payments at or by the offices of all Paying Agents outside the United States become illegal or are actually excluded because of the introduction of exchange controls or similar restrictions with respect to part or all of the payment or the receipt of the corresponding amounts in U.S. Dollars, the Issuer shall maintain a Paying Agent with a designated office in New York City.

Except in the event of insolvency when a change of this kind becomes effective immediately, any variation, dismissal, appointment or other change will only become effective if the holders were informed of this in advance subject to a notice period of at least 30 days and not more than 45 days in accordance with the provisions relating to announcements.

(c) The Fiscal Agent, Paying Agents and a Calculation Agent will act solely as the Issuer's agents. They therefore do not have obligations of any kind towards the holders of Instruments and will not act as their agents in any way.

(d) The payments on the Instruments will be effected without the right to demand the issue of a separate declaration or fulfilment of any other formality apart from compliance with any tax, foreign exchange and other provisions in the country where the relevant Paying Agent is located.

The payments on the Instruments that are held in collective safe custody with one or more Clearing System(s) will be effected to the Clearing System(s) for crediting to the accounts of the respective account holders with the Clearing System(s) who have deposited the Instruments. Payments by the Issuer to the Clearing System(s) will release the Issuer from its payment obligations under the Instruments up to the amount of the payments made.

L. Bank Business Day

Bank Business Days are days

[1] on which TARGET2 is open for the settlement of payments in euros.

"TARGET2" means the Trans-European Automated Real-time Gross Settlement Express Transfer payments system, which uses a joint platform and was launched on 19 November 2007, or any successor system.

AND/OR

[2] on which the commercial banks and foreign exchange markets in the relevant **Financial Centres** settle payments in the Currency.

AND/OR

[3] Additionally, the Issuer may stipulate **Addtional Rules for Bank Business Days**.

M. Substitution of the Issuer

(a) Provided that no payment of capital or interest on the Instruments is in arrears, the Issuer may be substituted at any time without the holders' consent with respect to all rights and obligations arising under or in connection with the Instruments by a subsidiary of the Issuer (the "New Issuer"), if:

(i) the Issuer has good cause, including but not limited to the introduction of a withholding tax that would oblige the Issuer to make additional payments, a significant change takes place in the capital markets or a significant change occurs in the provisions of regulatory law in the country where the Issuer's registered office is situated and

(ii) the New Issuer assumes all the Issuer's obligations under or in connection with the Instruments and by means of an effective, written transfer agreement including, if applicable, further agreements, declarations and permissions needed to make the substitution effective (together the "Transfer Documents") in such a way that the New Issuer assumes the obligation to each holder of an Instrument under the terms and conditions to the same extent as if the New Issuer had been named in the Instruments as the principal debtor in place of the Issuer (or in place of a previous New Issuer) and

(iii) the Issuer and the New Issuer have obtained all government approvals and permissions required for the substitution in accordance with these provisions and

(iv) the New Issuer is able to fulfill all payment obligations under or in connection with the Instruments in the currency of the Instruments without any deduction or withholding of or because of taxes, duties or official fees and

(v) if the Instruments are listed on a stock exchange, each stock exchange on which the Instruments are listed has confirmed that the Instruments will continue to be listed on the stock exchange in question after the planned substitution of the Issuer by the New Issuer and

(vi) if the Instruments are unsubordinated instruments, Norddeutsche Landesbank – Girozentrale – guarantees the obligations of the New Issuer arising from or in connection with the Instruments and

(vii) the Instruments are subordinated Instruments, (i) the New Issuer is a subsidiary within the meaning of § 1 Paragraph 7 and § 10 Paragraph 5a Sentence 11 of the KWG, (ii) the liabilities assumed by the New Issuer are subordinated on terms that are identical with the subordination provisions of the liabilities assumed, (iii) the New Issuer invests the amount of the Instruments with Norddeutsche Landesbank – Girozentrale – on terms that match those of the subordinated Instruments and (iv) Norddeutsche Landesbank – Girozentrale – guarantees the New Issuer's liabilities under the Instruments on a subordinated basis and

(viii) legal opinions, which in each case may not be dated more than three days before the planned substitution date, of legal advisors from an internationally recognised law firm chosen by the Issuer have been submitted to the Fiscal Agent for the jurisdictions in which the New Issuer has its registered office and for the Federal Republic of Germany. Those legal opinions must confirm in an appropriate form that, following the substitution, the requirements of Numbers (ii) – (vii) above will have been met.

(b) In the event of a substitution of this kind, all references to the "Issuer" shall be understood to refer to the "New Issuer" and all references to the "Issuer's country" shall apply to the country in which the New Issuer has its registered office or is deemed to be resident for tax purposes.

(c) Any substitution of the Issuer shall be announced in accordance with the provisions relating to the announcement.

N. Resolutions of the holders

[1] *Resolutions of the holders may be passed pursuant to the German Bond Act (Schuldverschreibungsgesetz)*
The Issuer envisages provisions whereby the Term and Conditions may be amended by the Issuer with the consent of the holders on the basis of a majority resolution of the holders pursuant to §§ 5 to 21 of the German Bond Act (*Schuldverschreibungsgesetz* (– "SchVG")) as amended from time to time.

The Issuer may provide that holders may agree upon the measures stated in § 5 paragraph 3 sentence 1 of SchVG or upon **Alternative or Further Measures** by means of a majority resolution.

Subject to the required quorum, holders decide with the majorities stated in § 5 paragraph 4 sentence 1 and 2 of SchVG. An exception applies to **Measures with an Alternative Majority Requirement**, where an alternative **Quorum** may be defined.

The Issuer may provide that the resolution by the holders shall be passed by **Voting Without a Meeting** (*Abstimmung ohne Versammlung*) as provided in § 18 of SchVG. Holders holding Instruments in the total amount of 5% of the outstanding principal amount of the Instruments may request, in writing, the holding of a vote without a physical meeting pursuant to § 9 in connection with § 18 SchVG. The request for voting as submitted by the chairman (*Abstimmungsleiter*) will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to holders together with the request for voting.

The Issuer may appoint a **Joint Representative** for all holders pursuant to § 8 of SchVG. In case that the appointed Joint Representative belongs to the groups of persons stated in § 7 paragraph 1 sentence 2 number 2 to 4 of SchVG the relevant circumstances shall be disclosed to the holders before the appointment. The Joint Representative shall have the duties and capacities assigned to him in SchVG or by majority resolutions of the holders or **Deviating Duties of the Joint Representative**. A **Liability Limit** may be provided for, unless he acts with intent or gross negligently.

The Issuer may provide that the participation in a holders' meeting (*Gläubigerversammlung*) or the exercising of voting rights requires a **Registration by the holders**. The registration has to be submitted on the third day prior to the holders' meeting at the latest and shall be sent to the address which has been provided in the notification convening the holders' meeting.

The Issuer may further provide that the holders must demonstrate their entitlement to participate in the vote at the time of voting by **Evidence of Entitlement** and that such Evidence of Entitlement has to satisfy a particular **Form of Evidence**.

Announcements to holders in connection with resolutions of the holders shall be made publicly available by the Issuer in the Federal Gazette (*Bundesanzeiger*) and additionally on the website of the Issuer (http://www.nordlb.de).

OR

[2] *No resolutions of the holders may be passed pursuant to the German Bond Act (Schuldverschreibungsgesetz)*
The Issuer does not envisage provisions whereby the Term and Conditions may be amended by the Issuer with the consent of the holders on the basis of a majority resolution of the holders pursuant to §§ 5 to 21 of the German Bond Act (*Schuldverschreibungsgesetz* ("SchVG")) as amended from time to time.

O. Announcements

[1] Rules for Instruments not listed on a securities exchange

(a) All announcements to holders relating to the Instruments will be published in the Federal Gazette (Bundesanzeiger). Any such announcement shall be deemed effective on the third day after the date of publication.

(b) If and so long as no applicable statutory provisions require otherwise, the Issuer shall have the right to deliver the relevant notice to the Clearing System for onward communication to the holders, in addition to publication as set forth above. Any such notice shall be deemed to have been given to the holders on the fifth day after the day on which the notice was delivered to the Clearing System.

(c) In the case of several publications of an announcement the first such publication shall be relevant for the determination of the effectiveness of such announcement.

OR

[2] Rules for Instruments listed on a securities exchange (except for Luxembourg)

(a) All announcements to holders relating to the Instruments will be published in the Federal Gazette (Bundesanzeiger). Any such announcement shall be deemed effective on the third day after the date of publication.

(b) To the extent the technical arrangements of the relevant securities exchange provide for this, announcement is also made via electronic publication on the website of the relevant securities exchange. Any such announcement shall be deemed effective on the third day after the date of publication.

(c) If and so long as no applicable statutory provisions require otherwise, the Issuer shall have the right to deliver the relevant announcement to the Clearing System for onward communication to the holders, in addition to publication as set forth above. Any such notice shall be deemed to have been given to the holders on the fifth day after the day on which the notice was delivered to the Clearing System.

(d) In the case of several publications of an announcement the first such publication shall be relevant for the determination of the effectiveness of such announcement.

OR

[3] Rules for Instruments listed on the Luxembourg Stock Exchange

(a) All announcements to holders relating to the Instruments will be published in the Federal Gazette (Bundesanzeiger). Any such announcement shall be deemed effective on the third day after the date of publication.

(b) In addition, all announcements to holders relating to Instruments are published on the website of the Luxembourg Stock Exchange at www.bourse.lu. Any such announcement shall be deemed effective on the third day after the date of publication.

(c) If and so long as no applicable statutory provisions require otherwise, the Issuer shall have the right to deliver the relevant announcement to the Clearing System for onward communication to the holders, in addition to publication as set forth above. Any such notice shall be deemed to have been given to the holders on the fifth day after the day on which the notice was delivered to the Clearing System.

(d) In the case of several publications of an announcement the first such publication shall be relevant for the determination of the effectiveness of such announcement.

AND/OR

[4] *Rules for announcements on the Issuer's website*

With respect to the Instruments, the announcement shall also be made by means of electronic publication on the Issuer's website (www.nordlb.de) (or on another website announced by the Issuer at least six weeks in advance in accordance with this provision). Any such announcement shall be deemed effective on the third day after the date of publication.

P. Governing law, place of performance, jurisdiction, limitation period and holders.

(a) The form and content of the Instruments and the rights and obligations of the holders and the Issuer shall be determined in all respects in accordance with German law.

(b) Hanover is the place of performance with regard to the Instruments.

For merchants, legal persons under public law, special governmental funds and persons without a general place of jurisdiction in the Federal Republic of Germany, Hanover is the non-exclusive place of jurisdiction for all legal disputes arising in connection with the Instruments.

(c) The relevant limitation period for the limitation of claims arising from the Instruments is ten years.

(d) The Issuer reserves the right to issue further Instruments with the same terms without the consent of the holders in such a way that they will be consolidated with the Instruments issued previously, form a uniform Series with them and increase their Total Par Value. In the event of an increase of this kind, the term "Instruments" shall also encompass such additional Instruments issued.

(e) In legal disputes against the Issuer or legal disputes in which the holder and Issuer are involved, each holder of Instruments may assert and enforce his rights under the Instruments attributable to him in his own name only by presenting the following documents:

(i) a certificate from his Depository Bank (as defined below) that (i) states the full name and full address of the holder; (ii) gives a total par value for the Instruments that are credited to the holder's securities deposit account with that Depository Bank on the date the certificate is issued and (iii) confirms that the Depository Bank has sent a written notification to the Clearing System containing the details in (i) and (ii) as well as

(ii) a copy of the Global Note certified by an authorised representative of the Clearing System.

For the purposes of the above provisions, "Depository Bank" is a bank or other financial institution (including the Clearing System) which has been granted the necessary permissions for securities deposit business and with which the holder has Instruments held in a securities deposit account.

(f) "Holder" means any holder of a co-ownership share (*Miteigentumsanteil*) or other comparable right in the Instruments.

3. Form of Final Terms

Any investment decision by an investor should be made only on the basis of full information on the Issuer and on the Instruments to be offered which is set out in the Prospectus and these Final Terms.

The relevant terms and conditions of the Instruments, which will govern the relationship between the Issuer and the holders, are attached to the relevant global note(s) and form an integral part of such global note(s). The relevant terms and conditions of the Instruments are neither set out in the Prospectus nor in these Final tems but will be made available for an investor as a separate document. **[*The relevant terms and conditions of the Instruments will be published on the Issuer's website (http://www.nordlb.de)*].]**

NORD/LB

Norddeutsche Landesbank Girozentrale

Hannover

Final Terms

[*insert date*]]

[*insert description of the relevant Tranche of the Instruments*]

issued on the basis of the

EUR 25,000,000,000
Programme for the Issuance of Debt Instruments

of

Norddeutsche Landesbank – Girozentrale –

These Final Terms contain information relating to the issuance of Instruments under the EUR 25,000,000,000 Programme for the Issuance of Debt Instruments (the "**Programme**") of Norddeutsche Landesbank – Girozentrale –. The Final Terms to the Prospectus relating to the Programme dated 22 June 2012 (the "**Prospectus**"), updated where applicable by any supplements, are presented in the form of a separate document containing only the Final Terms in accordance with Article 26 Paragraph 5 of the Regulation of the European Commission (EC) No. 809/2004 dated 29 April 2004, as revised from time to time, (the "**Prospectus Regulation**").

The Prospectus[, the Final Terms and the terms and conditions of the Instruments have] [has] been published on the Issuer's website (www.nordlb.de).

The Final Terms must be read in conjunction with the Prospectus. Complete information relating to the Issuer and the offer of the Instruments can only be obtained if the Final Terms and the Prospectus are read together. Terms that are defined in the Prospectus have the same meaning if they are used in these Final Terms, unless the Final Terms provide otherwise.

References in the section "PART I – Technical description of the Instruments" in these Final Terms to paragraphs refer to the paragraphs in the section V. 2. "*Technical description of the Instruments*" in the Prospectus, unless otherwise indicated.

All items of information taken from the section V. 2. "*Technical description of the Instruments*" in the Prospectus that relate to variable items in these Final Terms and that have neither been marked with a cross nor completed or that have been deleted in these Final Terms, shall be deemed to have been deleted in the technical description applying to the Instruments in the section V.2. "*Technical description of the Instruments*" in the Prospectus.

PART I – Technical description of the Instruments

The present "Part I – Technical description of the Instruments" should be read in conjunction with section V.2. "Technical description of the Instruments" in the Prospectus".

A. Denomination of the Instruments (see A.)

Total Par Value:	[●]
Par Value:	[●]

B. Currency of the Instruments (see B.)

Currency:	[●]

C. Format of the Global Note (see C.)

☐ Format of the New Global Note (see C.[1])

☐ Format of the Classical Global Note (see C.[2])

D. Form of the Global Note (see D.)

☐ Issue of a Temporary Global Note (TEFRA D) (see D.[1])	
☐ Issue of a Permanent Global Note (TEFRA C or issue outside of the terms of TEFRA) (see D.[2])	[☐ TEFRA C ☐ Issue outside of the terms of TEFRA]

E. Central Securities Depositaries, Clearing System and ICSDs (see E.)

Central Securities Depositary / Clearing System:	☐ Clearstream Banking AG, Eschborn Mergenthaler Allee 61 65760 Eschborn Germany
	☐ Euroclear Bank SA/NV 1 Boulevard du Roi Albert II 1210 Brussels Belgium
	☐ Clearstream Banking société anonyme, Luxembourg 42 Avenue JF Kennedy 1855 Luxemburg Luxembourg

F. Ranking of the Instruments (see F.)

☐ Ranking of the Unsubordinated Instruments (except for Pfandbriefe) (see F.[1])	
☐ Ranking of the Subordinated Instruments (except for Pfandbriefe) (see F.[2])	
☐ Ranking of the Pfandbriefe (see F.[3])	☐ Public Pfandbriefe (*Öffentliche Pfandbriefe*)
	☐ Mortgage Pfandbriefe (*Hypothekenpfandbriefe*)
	☐ Ship Mortgage Covered Bonds (*Schiffspfandbriefe*)
	☐ Aircraft Mortgage Covered Bonds (*Flugzeugpfandbriefe*)

G. Interest (see G.)

G.I. Interest on the Instruments (see G.I.)

☐ Fixed Rate Instruments (see G.I.[1])

[Interest Commencement Date:	[●]
First Interest Payment Date:	[●]
[Interest Payment Date(s):	[●]]
Rate of Interest:	[●]]

☐ Step-up/Step-down Instruments (see G.I.[2])

[Interest Commencement Date:	[●]
First Interest Payment Date:	[●]
Interest Payment Date(s):	[●]
First Rate of Interest:	[●]
Interest Commencement Date for the Second Rate of Interest:	[●]
Second Rate of Interest:	[●]
[Interest Commencement Date for the Third Rate of Interest:	[●]
Third Rate of Interest:	[●]]
[*insert additional Interest Commencement Dates and Rates of Interest, where applicable*]	[●]]

☐ Floating Rate Instruments and Structured Floating Rate Instruments (see G.I.[3])

[(a) Interest (see G.I.[3](a))

Floating Rate:

☐ Reference Interest Rate (see G.I.[3](a)[1])

[[☐ EURIBOR (Euro Interbank Offered Rate (EURIBOR) means the rate of interest for notice deposits for the period indicated below in euros in the Eurozone interbank market)

☐ 12-month

☐ 6-month

☐ 3-month

☐ [*insert alternative period*]]

[☐ [●-] LIBOR (London Interbank Offered Rate (LIBOR) means the rate of interest for notice deposits for the period indicated below in [*insert applicable currency*] in the London interbank market)

☐ 12-month

☐ 6-month

☐ 3-month

☐ [*insert alternative period*]]

[☐ [*insert and define alternative Reference Interest Rate*]]]

[plus a Premium of [*insert percentage*] (see G.I.[3](a)[2]).]

	[less a Discount of [*insert percentage*] (see G.I.[3](a)[3]).]
	[The Reference Interest Rate will be multiplied by the Factor: [*insert applicable Factor*] (see G.I.[3](a)[4]).]
	[Minimum Rate of Interest: [●]]
	[Maximum Rate of Interest: [●]]
	☐ CMS Interest Rate (see G.I.[3](a)[5])
	[[☐ [●-] CMS Rate (A Constant Maturity Swap is an interest rate swap in which the amount of interest paid by one swap party is adjusted at regular intervals in line with a specified reference interest rate (*e.g.* the 10-year CMS rate). The interest paid by the other swap counterparty is generally linked to a short-term rate of interest. The effect of this is that a short-term rate of interest is exchanged for a longer-term rate of interest, although the long-term interest rate is adjusted periodically and does not remain constant over the term).]
	[plus a Premium of [*insert percentage*] (see G.I.[3](a)[6]).]
	[less a Discount of [*insert percentage*] (see G.I.[3](a)[7]).]
	[The CMS Interest Rate will be multiplied by the Factor: [*insert applicable Factor*] (see G.I.[3](a)[8]).]
	[Minimum Rate of Interest: [●]]
	[Maximum Rate of Interest: [●]]
Floating Rate Interest Commencement Date:	[●]
First Floating Rate Interest Payment Date:	[●]
[Floating Rate Interest Payment Date(s):	[●]]

(b) Determination of the Floating Rate on the basis of a Reference Interest Rate or of a CMS Interest Rate (see G.I.[3](b))

☐ Determination of the Reference Interest Rate by the Calculation Agent (see G.I.[3](b)[1])

☐ Determination of the CMS Interest Rate by the Calculation Agent (see G.I.[3](b)[2])

Relevant Information Source:	[●]
Interest Determination Date:	[11:00] [●] [a.m.][p.m.] [Brussels] [London] time on the [first/second/●] [London] [Tokyo] [New York] [●] Bank Business Day [before the commencement of] [on the day of commencement of] the relevant Interest Period]

☐ Fixed to Floating Rate Instruments (see G.I.[4])

[(a) Interest (see G.I.[4](a))

Interest Commencement Date:	[●]
First Interest Payment Date:	[●]
[Interest Payment Date(s):	[●]]
Rate of Interest:	[●]

Floating Rate:

[☐ Reference Interest Rate (see G.I.[3](a)[1][2][3][4])

[[☐ EURIBOR (Euro Interbank Offered Rate (EURIBOR) means the rate of interest for notice deposits for the period indicated below in euros in the Eurozone interbank market)

☐ 12-month

☐ 6-month

☐ 3-month

☐ [*insert alternative period*]]

[☐ [●-] LIBOR (London Interbank Offered Rate (LIBOR) means the rate of interest for notice deposits for the period indicated below in [*insert applicable currency*] in the London interbank market)

☐ 12-month

☐ 6-month

☐ 3-month

☐ [*insert alternative period*]]

]

[plus a Premium of [*insert percentage*] (see G.I.[3](a)[2]).]

[less a Discount of [*insert percentage*] (see G.I.[3](a)[3]).]

[The Reference Interest Rate will be multiplied by [*insert applicable Factor*] (see G.I.[3](a)[4]).]

[Minimum Rate of Interest: [●]]

[Maximum Rate of Interest: [●]]

[☐ CMS Interest Rate (see G.I.[3](a)[5][6][7][8])

[[☐ [[●-] CMS Rate (A Constant Maturity Swap is an interest rate swap in which the amount of interest paid by one swap party is adjusted at regular intervals in line with a specified reference interest rate (*e.g.* the 10-year CMS rate). The interest paid by the other swap counterparty is generally linked to a short-term rate of interest. The effect of this is that a short-term rate of interest is exchanged for a longer-term rate of interest, although the long-term interest rate is adjusted periodically and does not remain constant over the term).]]

[plus a Premium of [*insert percentage*] (see G.I.[3](a)[6]).]

[less a Discount of [*insert percentage*] (see G.I.[3](a)[7]).]

[The CMS Interest Rate will be multiplied by the Factor: [*insert applicable Factor*] (see G.I.[3](a)[8]).]

[Minimum Rate of Interest: [●]]

[Maximum Rate of Interest: [●]]

Floating Rate Interest Commencement Date:	[●]
First Floating Rate Interest Payment Date:	[●]
[Floating Rate Interest Payment Date(s):	[●]]

(b) Determination of the Floating Rate on the basis of a Reference Interest Rate or of a CMS Interest Rate (see G.I.[3](b))

☐ Determination of the Reference Interest Rate by the Calculation Agent (see G.I.[3](b)[1])

☐ Determination of the CMS Interest Rate by the Calculation Agent (see G.I.[3](b)[2])

Relevant Information Source:	[●]
Interest Determination Date:	[11:00] [●] [a.m.][p.m.] [Brussels] [London] time on the [first/second/●] [London] [Tokyo] [New York] [●] Bank Business Day [before the commencement of] [on the day of commencement of] the relevant Interest Period]

☐ Zero Coupon Instruments (see G.I.[5] - the following paragraphs G.II. to G.IV. do not apply to an issue of Zero Coupon Instruments).

G.II. Due dates for interest payments/Business Day Convention (see G.II.)

☐ Following Business Day Convention (see G.II.[1])

☐ Modified Following Business Day Convention (see G.II.[2])

☐ Preceding Business Day Convention (see G.II.[3])

G.III. Interest Period (see G.III.)

G.IV. Adjustment of the Interest Period (see G.IV.)

☐ Non-adjusted Interest Period (see G.IV.[1])

☐ Adjusted Interest Period (see G.IV.[2])

G.V. Day Count Fraction (see G.V.)

☐ Actual/Actual (ISDA) (see G.V.[1])

☐ Actual/Actual (ICMA 251) (see G.V.[2])

Deemed Interest Commencement Date:	[●]
Deemed Interest Payment Date:	[●]

☐ Actual/365 (fixed) (see G.V.[3])

☐ Actual/360 (see G.V.[4])

☐ 30E/360 (Eurobond Basis) (see G.V.[5])

☐ 30/360, 360/360 or Bond Basis (see G.V.[6])

G.VI. End of interest accrual (see G.VI.)

☐ Statutory default interest rate (except for Zero Coupon Instruments) (see G.VI.[1])

☐ Statutory default interest rate for Zero Coupon Instruments (see G.VI.[2])

H. Redemption (see H.)

☐ Redemption of the Instruments (except for Zero Coupon Instruments) (see H.[1](a))

(a) Maturity

[Maturity Date:	[●]
Redemption Amount:	[●]

(b) Adjustment of the Redemption Date

☐ Instruments subject to the Following Business Day Convention (see H.[1](b)[1])

☐ Instruments subject to the Modified Following Business Day Convention (see H.[1](b)[2])

☐ Instruments subject to the Preceding Business Day Convention (see H.[1](b)[3])]

☐ Redemption of Zero Coupon Instruments (see H.[2] (a))

(a) Maturity

[Maturity Date:	[●]
Reference Price:	[●]
Amortisation Yield:	[●]

(b) Adjustment of the Redemption Date

☐ Instruments subject to the Following Business Day Convention (see H.[2](b)[1])

☐ Instruments subject to the Modified Following Business Day Convention (see H.[2](b)[2])

☐ Instruments subject to the Preceding Business Day Convention (see H.[2](b)[3])]

I. Early redemption of the Instruments (see I.)

I.I. Issuer's right of termination without the occurrence of a termination event (see I.I.)

☐ Yes (see I.I.[1])

[Call Date(s):	[●]
Announcement Date:	No later than the [●] Bank Business Day prior to the Call Date.]

☐ No (see I.I.[2])

I.II. Issuer's right of termination in the case of withholding taxes (see I.II.)

☐ Yes (see I.II.[1])

☐ No (see I.II.[2])

I.III. Issuer’s right of termination for regulatory reasons (see I.III.)

☐ Yes (see I.III.[1])

☐ No (see I.III.[2])

I.IV. Holders' right of termination without the occurrence of a termination event (see I.IV.)

☐ Yes (see I.IV.[1])

[Put Date(s):	[●]]

☐ No (see I.IV.[2])

I.V. Holders' right of termination due to the occurrence of a termination event (see I.V.)

☐ Yes (see I.V.[1])

☐ No (see I.V.[2])

I.VI. Repurchase (see I.VI.)

☐ Repurchase of Unsubordinated Instruments (see I.VI.[1])

☐ Repurchase of Subordinated Instruments (see I.VI.[2])

J. Withholding tax (see J.)

☐ Withholding tax rules applying to the Instruments (except for Pfandbriefe) (see J.[1])

☐ Withholding tax rules applying to Pfandbriefe (see J.[2])

K. Fiscal Agent, Paying Agent and Calculation Agent (see K.)

Fiscal Agent and office:	[●]
Paying Agent(s) and office(s):	[●]
Calculation Agent and office:	[●] [None]

L. Bank Business Day (see L.)

☐ TARGET2	
☐ Financial Centres	[[London] [Tokyo] New York] [●]]
☐ Additional Rules for Bank Business Days:	[●]

M. Substitution of the Issuer (see M.)

N. Resolutions of the holders (changes in Terms and Conditions) (see N.)

☐ Resolutions of the holders may be passed pursuant to the German Bond Act (*Schuldverschreibungsgesetz*) (see N.[1])

(a) Alternative or Further Measures	[None] [●]
(b) Measures with an Alternative Majority Requirement:	[Not Applicable]
[Measures:	[Not Applicable][*insert measures*]
Quorum:	[Not Applicable][*insert relevant quorum*]
(c) Voting without a Meeting:	[Not Applicable][Applicable]
(d) Joint Representative pursuant to § 8 SchVG:	[Not Applicable] [Name of the Joint Representative] [in case the Joint Representative belongs to the groups of persons stated in § 7 paragraph 1 sentence 2 number 2 to 4 of SchVG insert relevant circumstances]
Deviating Duties of the Joint Representative:	[●]
Liability Limit:	[●]
(e) Registration by the holders:	[Not Applicable][Applicable]
(f) Evidence of Entitlement:	[Not Applicable]

Form of Evidence:	[Submission of special confirmation of the Depository Bank in accordance with § 15(4)(a) of SchVG and of a blocking instruction (*Sperrvermerk*) by the Depository Bank][*insert other form of evidence*]

☐ No resolutions of the holders may be passed pursuant to the German Bond Act (*Schuldverschreibungsgesetz*) (see N.[2])

O. Announcements (see O.)

☐ Rules for Instruments not listed on a securities exchange (see O.[1])

☐ Rules for Instruments listed on a securities exchange (except for Luxembourg) (see O.[2])

☐ Rules for Instruments listed on the Luxembourg Stock Exchange (see O.[3])

☐ Rules for announcements on the Issuer's website (see O.[4])

P. Governing law, place of performance, jurisdiction, limitation period and holders (see P.)

[PART II – Conditions and Requirements for the Offer of the Instruments[9]

The present "Part II – Conditions and Requirements for the Offer of the Instruments" contains information relating to the offer of the Instruments that is required in accordance with Annex [V] [XIII] of the Prospectus Regulation in connection with an offer of securities.

1.	Issue price:	[●]
2.	Conditions to which the offer is subject:	[None] [●] [The Issuer reserves the right not to proceed with the issue of the Instruments for whatever reason.]
3.	Issue amount	
	Total Par Value of the Series:	[●]
	Total Par Value of the Tranche:	[●]
4.	Potential investors[10]	☐ Private investors
		☐ Professional investors
		☐ Institutional investors
5.	(a) Subscription period:	[None] [●] [The Issuer has the option of terminating the subscription period early or extending it at any time.]
	(b) Countries in which the offer will be made and period for which the offer will be open:	[None] [The Instruments may be placed in the period from [●] (inclusive) to [●] (exclusive) in the following countries: [●].
6.	Minimum subscription:	[None] [●]
	Maximum subscription:	[None] [●]
	Smallest tradeable unit:	[No limitation] [●]]
7.	Allotment procedure (including a description of the option of reducing the subscriptions and the manner of refunding the excess amount paid by the applicants):	[None] [●] [In the event of oversubscription, the Instruments will be allotted after receipt of the offer to purchase.]
8.	Method and time limits for paying up the securities and for their delivery:	[None] [●]
9.	Full description of the manner and date in or on which the results of the offer are to be made public:	[None] [●]

9 This section of the Final Terms "Part II – Conditions and Requirements for the Offer of the Instruments", does not apply to Instruments with a minimum denomination of EUR 50,000 or the corresponding equivalent in another currency (Directive 2010/73/EU ("2010 Directive Amending the PD"), which amends Directive 2003/71/EC ("Prospectus Directive"), increases the minimum denomination per debt security for which the minimum disclosure requirements set forth in Annex XIII of the Prospectus Regulation apply from EUR 50,000 to EUR 100,000 or the corresponding equivalent in another currency. In order for the increased threshold for minimum denomination to take effect, the 2010 Directive Amending the PD must be transposed into the relevant national law of the jurisdictions in which notification of the Prospectus was effected and/or in which an exchange listing and/or public offer and the distribution of the debt securities is to take place. The deadline for implementation of the 2010 Directive Amending the PD into national law of the member states of the European Economic Area is 1 July 2012.

10 For a description of the individual investor groups, see sectionIX. "*Subscription and Sale*" 5. Potential Investors.

10.	Description of the procedure for the exercise of any pre-emption right, the negotiability of the subscription rights and the treatment of subscription rights not exercised:	[None] [●]
11.	If the offer is being made simultaneously in the markets of two or more countries and if a specific tranche of securities has been or is being reserved for certain of these markets, details of that tranche of securities:	[None] [insert description of the Tranche]
12.	Manner and date in or on which the results of the offer are to be made public:	[None] [●]
13.	Underwriting and/or placing by institutions:	[None] [*Name and address of the coordinator/ coordinators of the entire offer or individual parts of the offer and – to the extent known to the Issuer or the Offeror – information on the Dealer in the individual countries of the offer*]
14.	Underwriting agreement:	[None] [●]
15.	Overall amount of the underwriting commission and of the placing commission:	[Not applicable] [●]]

[PART [II] [III] – Admission to Trading and Dealing Arrangements

[This "Part [II] [III] – Admission to Trading and Dealing Arrangements" contains information relating to the admission of the Instruments to trading on a regulated market of a securities exchange in a member state of the European Economic Area that is required in accordance with Annex [V] [XIII] of the Prospectus Regulation, as the case may be, in connection with such an admission to trading of the Instruments.]

1.	Exchange:	☐ Frankfurt ☐ Regulated Market ☐ Open Market ☐ Luxembourg ☐ Regulated Market (*Bourse de Luxembourg*) ☐ Euro MTF Market [●] [*insert other stock exchange*]
2.	First day of trading:	[●]
3.	Other information relating to trading:	[None] [When the Instruments are bought or sold on the exchange, the prices are based on supply and demand and are determined in accordance with the exchange regulations applicable in each case.] [Since this is the first issue of these Instruments, they have not yet been admitted to trading on another market.]
4.	Details of all the regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class as those intended to be offered or admitted to trading have already been admitted to trading:	[None] [●]
5.	Name and address of the institutions which have given a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offered rates, and description of the main terms of their commitment:	[None] [●]
6.	Costs in connection with the admission of the securities to trading:	[None] [●]

PART [II] [III] [IV] – Additional Information

This "Part [II] [III] [IV] – Additional Information" contains other information relating to the Instruments required in accordance with Annex [V] [XIII] of the Prospectus Regulation, as the case may be, and which is not directly connected with an offer of the Instruments nor with the admission of the Instruments to listing on a regulated market of a securities exchange.

1.	Description of the Instruments:	[*insert description of the issue*]
	(a) Series No.:	[●]
	(b) Tranche No.:	[●] [not applicable]
	[(c) Part of an existing Series:	[Yes] [No] [*If yes, give details, including the date on which the Tranches become fungible*]]
2.	Issue Date:	[●]
3.	Securities identification numbers	
	Common Code:	[●]
	ISIN:	[●]
	German Securities Code (WKN):	[●]
	Other securities identification number:	[●]
4.	Issue Yield[11]:	[●]
5.	Yield calculation method[12]:	[Not applicable] [☐ Internal rate of return method ☐ ICMA method]
6.	Interests on the part of natural and legal persons connected with the issue / offer:	[None] [*Description of any interests – including conflicts of interest –, of significance to the issue/offer, specifying the relevant persons and describing the nature of their interests*]
7.	Reasons for the offer and application of the proceeds (if the primary reasons are other than the generation of profits and/or protection against specific risks)[13]:	[Not applicable] [None] [*insert details*]

[11] Only applicable to Fixed Rate Instruments and Step-up/Step-down Instruments with a fixed maturity. Yield calculated on the basis of the issue price. With regard to Zero Coupon Instruments see "Amortisation Yield".

[12] For a description of the applicable principles, see the section IX. 4 "Subscription and Sale – Yield" in the Prospectus. Not applicable in the case of Instruments with a minimum denomination of EUR 50,000 or the corresponding equivalent in another currency. The 2010 Directive Amending the PD increases the minimum denomination per debt security for which the minimum disclosure requirements set forth in Annex XIII of the Prospectus Regulation apply from EUR 50,000 to EUR 100,000 or the corresponding equivalent in another currency. In order for the increased threshold for minimum denomination to take effect, the 2010 Directive Amending the PD must be transposed into the relevant national law of the jurisdictions in which notification of the Prospectus was effected and/or in which an exchange listing and/or public offer and the distribution of the debt securities is to take place. The deadline for implementation of the 2010 Directive Amending the PD into national law of the member states of the European Economic Area is 1 July 2012.

[13] Not applicable in the case of Instruments with a minimum denomination of EUR 50,000 or the corresponding equivalent in another currency. The 2010 Directive Amending the PD increases the minimum denomination per debt security for which the minimum disclosure requirements set forth in Annex XIII of the Prospectus Regulation apply from EUR 50,000 to EUR 100,000 or the corresponding equivalent in another currency. In order for the increased threshold for minimum denomination to take effect, the 2010 Directive Amending the PD must be transposed into the relevant national law of the jurisdictions in which notification of the Prospectus was effected and/or in which an exchange listing and/or public offer and the distribution of the debt securities is to take place. The deadline for implementation of the 2010 Directive Amending the PD into national law of the member states of the European Economic Area is 1 July 2012.

8.	Information about the past performance of the underlying reference interest rate or CMS interest rate and of the volatility[14]:	[Not applicable] [*insert details*]
9.	Credit rating:	Information relating to the Issuer's credit rating can be found in section "IV. Description of Norddeutsche Landesbank – Girozentrale –, 3. Ratings of the Issuer". [There is no rating for the Instruments.] [●]
10.	Information relating to price stabilisation measures:	[None] [●]
11.	Additional information relating to taxation:	[None] [●]
12.	Consent to the use of the Prospectus	
	Every Dealer and/or every financial intermediary appointed by such Dealer who places the Instruments or sells them on subsequently is entitled to use the Prospectus and to rely on it. The Prospectus may be delivered to potential investors only in conjunction with all supplements (if any) published by the date of the respective delivery. All supplements to the Prospectus are available for inspection in electronic form on the Issuer's website (http://www.nordlb.de). When using the Prospectus (including any supplement thereto), each Dealer and/or respective financial intermediary will comply to the best of its respective knowledge and belief with all applicable securities laws and regulations in force in the respective jurisdiction in which it purchases, offers, sells or delivers Instruments or has in its possession or distributes such offering material:	[Not applicable] [Yes, during the period from [●] (inclusive) to [●] (exclusive) in [*insert countries*]. [Dealer in this context means [each of the following] [●].]] [No] [●]
13.	ECB-compliance:	[Yes] [No] [It should be noted that "Yes" in this context merely indicates that it is intended to deposit the Instruments at the date of issue with one of the ICSDs as common safekeeper or directly with CBF; it does not necessarily mean that the Instruments will be accepted as eligible collateral for the purposes of the monetary policy and intraday facilities in the Eurosystem, neither at the date of issue nor at any time during their term. Any such acceptance will be dependent on meeting the criteria for Eurosystem eligibility.]
14.	Additional selling restrictions:	[None] [●]

[14] Only applicable to Floating Rate Notes or interest-bearing Instruments with a variable interest component. Not applicable in the case of Instruments with a minimum denomination of EUR 50,000 or the corresponding equivalent in another currency. The 2010 Directive Amending the PD increases the minimum denomination per debt security security for which the minimum disclosure requirements set forth in Annex XIII of the Prospectus Regulation apply from EUR 50,000 to EUR 100,000 or the corresponding equivalent in another currency. In order for the increased threshold for minimum denomination to take effect, the 2010 Directive Amending the PD must be transposed into the relevant national law of the jurisdictions in which notification of the Prospectus was effected and/or in which an exchange listing and/or public offer and the distribution of the debt securities is to take place. The deadline for implementation of the 2010 Directive Amending the PD into national law of the member states of the European Economic Area is 1 July 2012.

[These Final Terms contain the final terms required for the admission to trading of these Instruments pursuant to the EUR 25,000,000,000 Programme for the Issuance of Debt Instruments of Norddeutsche Landesbank – Girozentrale –.]

The Issuer assumes responsibility for the information contained in the Final Terms.

Norddeutsche Landesbank – Girozentrale –, [*date of signature*]

[Names of signatory]

VI. GENERAL DESCRIPTION OF PFANDBRIEFE

The following is a summary of the more fundamental principles relating to Pfandbriefe and Pfandbrief Banks (as defined below). This summary does not comprise all considerations which might be relevant for an investor and is qualified in its entirety by reference to such applicable law and regulation.

Introduction
Pfandbriefe are standardised German law debt instruments the specifications of which are regulated by the German Pfandbrief Act (*Pfandbriefgesetz*; ("**PfandBG**")) dated 22 May 2005, as amended. The PfandBG was published on 27 May 2005 and came into force on 19 July 2005. As from such date, the legislation accompanying the PfandBG, i.e. the Act on the Reorganisation of the Law on Pfandbriefe (*Gesetz zur Neuordnung des Pfandbriefrechts*) rescinded all existing special legislation regarding the Pfandbrief business in Germany, including, *inter alia*, the Mortgage Bank Act (*Hypothekenbankgesetz*), the Act on Pfandbriefe and Related Bonds of Public-Law Credit Institutions (*Gesetz über die Pfandbriefe und verwandten Schuldverschreibungen öffentlich-rechtlicher Kreditanstalten*) and the Ship Bank Act (*Schiffsbankgesetz*).

The PfandBG abolished the concept of specialist Pfandbrief institutions prevailing prior to 19 July 2005. It established a new and uniform regulatory regime for all German credit institutions. Since 19 July 2005, all German credit institutions are permitted, subject to authorisation and fulfillment of certain additional requirements of the PfandBG, to engage in the Pfandbrief business, eliminating the limitations in respect of the scope of their permitted business which existed prior to 19 July 2005. The PfandBG thus created a level playing field for all German credit institutions wanting to engage in the Pfandbrief business.

German credit institutions wishing to take up the Pfandbrief business must obtain special authorisation under the KWG from the BaFin and, for that purpose, must meet some additional requirements as specified in the PfandBG.

Since 19 July 2005, the operations of all banks engaged in the issuance of Pfandbriefe are regulated by the PfandBG and the KWG, and will be subject to the supervision of BaFin. In particular, the BaFin will carry out bi-annual audits of the assets forming part of any Cover Pool (as defined below).

The PfandBG was amended by the Act Developing the Law on Pfandbriefe (*Gesetz zur Fortentwicklung des Pfandbriefrechts*) dated 20 March 2009, which was published on 25 March 2009 and came into force on 26th March, 2009. This Act introduces, *inter alia*, rules requiring Pfandbrief Banks to have a liquidity reserve (*Liquiditätsreserve*) within their Cover Pools from 1 November 2009 onwards, a refined reporting on maturity bands (*Laufzeitstrukturen*) of those assets forming part of the Cover Pools and a new fourth type of Pfandbrief: the Aircraft Pfandbrief (*Flugzeugpfandbrief*). Pursuant to the amended PfandBG, Pfandbrief Banks may issue, once authorised to do so, Mortgage Pfandbriefe (*Hypothekenpfandbriefe*), Public Sector Pfandbriefe (*öffentlich-rechtliche Pfandbriefe*), Ship Pfandbriefe (*Schiffspfandbriefe*) and/or Aircraft Pfandbriefe (*Flugzeugpfandbriefe*).

The PfandBG has recently been further amended, in particular by the RStruktG dated 9 December 2010, which was published on 14 December 2010 and came into force (with regard to the amendments concerning the PfandBG) on 1 January 2011. The amendments introduced to the PfandBG by the Bank Restructuring Act provide clarifications with regard to the consequences a reorganisation or restructuring of a Pfandbriefbank pursuant to the RStruktG would have.

In this summary, banks authorised to issue Pfandbriefe will generally be referred to as "**Pfandbrief Banks**".

Rules applicable to all types of Pfandbriefe
Pfandbriefe, general recourse obligations of the issuing Pfandbrief Bank, are secured or "covered" at all times by a pool of specified qualifying assets (as described below) and may not be redeemed at the option of the holders prior to maturity.

Each type of Pfandbrief – Mortgage Pfandbriefe, Public Sector Pfandbriefe, Ship Pfandbriefe or Aircraft Pfandbriefe – must be covered by a separate pool of specified qualifying assets (each a

"**Cover Pool**"). An independent trustee (*Treuhänder*; the "**Trustee**") appointed by the BaFin has wide responsibilities in monitoring the compliance by the Pfandbrief Bank with the provisions of the PfandBG. In particular, the Trustee monitors the sufficiency of the cover assets provided as cover from time to time in respect of the Pfandbriefe of any given type. The Pfandbrief Bank may include or withdraw assets from the Cover Pool only with the prior approval of the Trustee. Any issue of Pfandbriefe must first be certified by the Trustee.

The aggregate principal amount of assets contained in any Cover Pool must at all times be greater than or equal to the aggregate principal amount of the outstanding Pfandbriefe issued against any such Cover Pool. Moreover, the aggregate interest yield on the assets contained in any Cover Pool must at all times be greater than or equal to the aggregate interest payable on all outstanding Pfandbriefe issued against such Cover Pool. In addition, the coverage of all outstanding Pfandbriefe with respect to principal and interest must at all times be ensured on the basis of the net present value (*Barwert*). Finally, the net present value of the assets contained in any Cover Pool must exceed the net present value of the liabilities from the corresponding Pfandbriefe and derivatives by at least two per cent. (*sichernde Überdeckung*; the "**Excess Cover**").

The Excess Cover must consist of highly liquid assets. Qualifying assets for the excess cover are (a) notes, debt register claims, Treasury bills and Treasury certificates whose debtor is the German Federal Government, a special fund (*Sondervermögen*) of the German Federal Government, a German Federal State, the European Communities, another member state of the European Union (the "**EU"**), another contracting state to the Agreement on the European Economic Area (the "**EEA**"), the European Investment Bank (the "**EIB**"), the International Bank for Reconstruction and Development (the "**IBRD**"), the Council of Europe Development Bank (the "**CEDB**") or the European Bank for Reconstruction and Development (the "**EBRD**" and, together with EIB, IBRD and CEDB, the "**Excess Cover Assets Banks**"); (b) notes, debt register claims, Treasury bills and Treasury certificates whose debtor is Switzerland, the United States of America, Canada or Japan, provided that the risk weighting such debtor has received pursuant to a rating by an approved international rating agency is credit quality step 1 (as set out in Table 1 of Annex VI of Directive 2006/48/EC); (c) notes guaranteed by one of the authorities set out in (a) and (b) above; and (d) balances with the European Central Bank, any central bank of a member state of the EU or any other suitable credit institution having its registered office in one of the countries set out in (a) or (b) above, provided that such debtor has received a risk weighting which is comparable with credit quality step 1 (as set out in Table 3 of Annex VI of Directive 2006/48/EC) (the assets set out in (a) to (d) above are hereafter referred to as the "**Excess Cover Assets**").

The Pfandbrief Bank must record in the register of cover assets for any Cover Pool of each Pfandbrief type each asset and the liabilities arising from derivatives. Derivatives may be entered in such register only with the consent of the Trustee and the counterparty. To the extent that liabilities of the Pfandbrief Bank may arise from derivatives used as cover assets, the claims of the Pfandbrief Bank's derivatives counterparties must also be covered.

In case that any cover asset recorded in the register of cover assets for any Cover Pool is intended for partial cover only, the register of cover assets must clearly state the amount of the intended cover and its status in relation to the part of the asset which is not intended for the Cover Pool.

The Pfandbrief Bank must command over an appropriate risk management system meeting the requirements specified in detail in the PfandBG and must comply with comprehensive disclosure requirements on a quarterly and annual basis set out in detail in the PfandBG. In particular, the Pfandbrief Bank is supposed to ensure and document that the prescribed coverage is given at all times.

Cover pool for Mortgage Pfandbriefe

In the case of Mortgage Pfandbriefe, the respective Cover Pool contains, *inter alia*, mortgage loans. Only mortgage loans or such portions of these mortgage loans with a loan to value (of the underlying assets) ratio not exceeding 60 per cent. of the value of the underlying property (the "**Mortgage Lending Value**") qualify for inclusion in the Cover Pool. The valuation serving as the basis for the establishment of the Mortgage Lending Value is supposed to be conducted by an expert who is not involved in the loan decision and who must have the requisite professional experience and knowledge in order to make Mortgage Lending Value assessments.

Qualifying mortgages must encumber properties, rights equivalent to real property (the "**Equivalent Rights**") or such rights under a foreign legal system which are comparable with Equivalent Rights under German law. The encumbered properties and the properties in respect of which the encumbered rights exist must be situated in a member state of the EU, in another contracting state to the EEA, in Switzerland, the United States of America, Canada or Japan. Land charges and such foreign security interests which offer comparable security and entitle the relevant holder of Pfandbriefe to satisfy its claim also by realising the encumbered property or Equivalent Right rank equal with mortgages.

However, the Cover Pool covering Mortgage Pfandbriefe may also contain (provided that certain thresholds are not breached and certain other preconditions are met in relation to some of the following assets) certain other collateral, including, but not limited to:

(i) equalisation claims converted into notes in bearer form pursuant to § 8 (2) of the German Ordinance Concerning the Confirmation of the Conversion Calculation and the Procedure for the Allotment and Acquisition of Equalisation Claims (*Verordnung über die Bestätigung der Umstellungsrechnung und das Verfahren der Zuteilung und des Erwerbs von Ausgleichsforderungen*) of 7 December 1994, as amended;

(ii) the assets set out in (a) to (c) in the description of the Excess Cover Assets set out above and money claims against the European Central Bank, any central bank of a member state of the EU or any other suitable credit institution (as set out in (d) in the description of the Excess Cover Assets set out above);

(iii) money claims resulting from notes if such claims are levelled directly against (a) domestic regional and local authorities and such public-sector authorities and institutions to whom Maintenance Obligation or a statutory Guarantor Liability or a public refinancing guarantee applies or which are legally entitled to raise fees, rates or other levies; (b) other member states of the EU or other contracting states to the EEA and their respective central banks; (c) regional governments and local authorities of the states set out in (iii) (b) above; (d) the United States of America, Japan, Switzerland and Canada and their respective central banks, provided that the risk weighting such country has received pursuant to the assessment by the competent administrative agency of the rating provided by an approved international rating agency is credit quality step 1 (as set out in Table 1 of Annex VI of Directive 2006/48/EC); (e) regional governments and local authorities of the states set out in (iii) (d) above, provided that the relevant administrative ageny treats such regional government or local authority as equal with the state to which it belongs or that such regional government or local authority receives a risk weighting pursuant to Table 3 of Annex VI of Directive 2006/48/EC comparable with credit quality step 1; (f) the European Central Bank, multilateral development banks and international organisations within the meaning of Annex VI no. 1, 4 and 5 of Directive 2006/48/EC; (g) public bodies of a member state of the EU or another contracting state to the EEA; (h) public bodies within the meaning of Article 4 no. 18 of Directive 2006/48/EC of the states set out in (iii) (d) above, provided they fulfill the preconditions set out in (iii) (e) above;

(iv) money claims resulting from notes if such claims have been guaranteed either by one of the authorities set out in (iii) (a) to (f) above or by an export credit insurance agency, which meets the preconditions which have to be fulfilled by a public body as set out in (iii) (g) above;

(v) money claims resulting from notes issued by (a) state governments, central banks, regional governments or local territorial authorities of one of the countries set out in (iii) (d) above; (b) public bodies of one of the countries set out in (iii) (d) above; (c) a multilateral development bank; or (d) an international organisation, provided that the debtor was assigned credit quality step 1 at the time the relevant claim was entered into the Cover Pool and is still assigned at least credit quality 2;

(vi) money claims resulting from notes if such claims have been guaranteed by one of the entities set out in (v) (a), (c) or (d) above guaranteeing these money claims, provided that the guarantor was assigned credit quality step 1 at the time the relevant claim was entered into the Cover Pool and is still assigned at least credit quality 2; and

(vii) claims from derivative transactions as defined in § 4 (3) sent. 2 of the PfandBG, concluded with, *inter alia*, suitable credit institutions, financial services institutions, insurance companies, a central counterparty at a stock exchange, the German Federal Government or German Federal States insofar as it is ensured that the Pfandbrief Bank's claims pursuant to the standardised master contracts cannot be impaired in the event of the insolvency of the Pfandbrief Bank or any of its other Cover Pools. The share of the Pfandbrief Bank's claims from derivative transactions included in the Cover Pool in terms of the total amount of the cover assets as well as the Pfandbrief Bank's liabilities from derivative transactions in terms of the total amount of Mortgage Pfandbriefe outstanding plus the liabilities resulting from derivative transactions must not exceed 12 per cent.

Cover pool for Public Sector Pfandbriefe
The Cover Pool for Public Sector Pfandbriefe contains (provided that certain thresholds are not breached and certain other preconditions are met in relation to some of the following assets), *inter alia*,

(i) money claims resulting from the granting of loans or from the issue of notes or from a comparable legal transaction if such claims are levelled directly against one of the entities set out in (iii) to (vi) of the subsection entitled "*Cover Pool for Mortgage Pfandbriefe*" set out above;

(ii) equalisation claims (as described in (i) of the subsection entitled "*Cover Pool for Mortgage Pfandbriefe*" set out above);

(iii) money claims against suitable credit institutions within the meaning of § 4 (1) sent. 2 no. 3 of the PfandBG; and

(iv) claims from derivative transactions (as described in (vii) of the subsection entitled "*Cover Pool for Mortgage Pfandbriefe*" set out above, provided that the share of the Pfandbrief Bank's claims from derivative transactions included in the Cover Pool in terms of the total amount of the cover assets as well as the Pfandbrief Bank's liabilities from derivative transactions in terms of the total amount of Public Sector Pfandbriefe outstanding plus the liabilities resulting from derivative transactions must not exceed 12 per cent.).

Cover pool for Ship Pfandbriefe
In case of Ship Pfandbriefe, the respective Cover Pool contains, *inter alia*, loans secured by ship mortgages (*Schiffshypotheken*) (or portions thereof). Only loans or such portions of these loans with a loan to value (of the underlying assets) ratio not exceeding 60 per cent. of the value of the underlying ship (*Schiffsbeleihungswert*; the "**Ship Mortgage Lending Value**") or of the ship under construction qualify for inclusion in the Cover Pool. The valuation serving as the basis for the establishment of the Ship Mortgage Lending Value is supposed to be conducted by an expert who is not involved in the loan decision and who must have the requisite professional experience and knowledge in order to make Ship Mortgage Lending Value assessments.

The underlying ship or the ship under construction must be registered in a public register.

If certain conditions are met the Cover Pool for Ship Pfandbriefe may also contain loans secured by ships and ships under construction which are registered abroad.

In addition, the Cover Pool for Ship Pfandbriefe may also contain (provided that certain thresholds are not breached and certain other preconditions are met in relation to some of the following assets), *inter alia*,

(i) certain payment obligations (*Schuldversprechen*) or acknowledgments of debt (*Schuldanerkenntnis*) within the meanings of §§ 780 and 781 of the BGB which are secured by ship mortgages;

(ii) equalisation claims (as described in (i) of the subsection entitled "*Cover Pool for Mortgage Pfandbriefe*" set out above);

(iii) the assets set out in (a) to (c) in the description of the Excess Cover Assets set out above and money claims against the European Central Bank, any central bank of a member state of the EU or any other suitable credit institution (as set out in (d) in the description of the Excess Cover Assets set out above);

(iv) money claims as set out in (iii) to (vi) of the subsection entitled "*Cover Pool for Mortgage Pfandbriefe*" set out above; and

(v) claims from derivative transactions (as described in (vii) of the subsection entitled "*Cover Pool for Mortgage Pfandbriefe*" set out above, provided that the share of the Pfandbrief Bank's claims from derivative transactions included in the Cover Pool in terms of the total amount of the cover assets as well as the Pfandbrief Bank's liabilities from derivative transactions in terms of the total amount of Ship Pfandbriefe outstanding plus the liabilities resulting from derivative transactions must not exceed 12 per cent.).

Cover pool for Aircraft Pfandbriefe
In case of Aircraft Pfandbriefe, the respective Cover Pool contains, *inter alia*, loans secured by registered liens in accordance with § 1 of the Law on Rights in Aircrafts (*Gesetz über Rechte an Luftfahrzeugen*). Only loans or such portions of these loans with a loan to value (of the underlying assets) ratio not exceeding 60 per cent. of the value of the underlying aircraft (*Flugzeugbeleihungswert*; the "**Aircraft Mortgage Lending Value**") qualify for inclusion in the Cover Pool. The valuation serving as the basis for the establishment of the Aircraft Mortgage Lending Value is supposed to be conducted by an expert who is not involved in the loan decision and who must have the requisite professional experience and knowledge in order to make Aircraft Mortgage Lending Value assessments.

The underlying aircraft must be an aircraft within the meaning of § 1 par. 2 sent. 1 no. 1 of the German Air Traffic Act (*Luftverkehrsgesetz*) which is recorded in a public register.

If certain conditions are met the Cover Pool for Aircraft Pfandbriefe may also contain loans secured by aircrafts which are registered abroad.

In addition, the Cover Pool for Aircraft Pfandbriefe may also contain (provided that certain thresholds are not breached and certain other preconditions are met in relation to some of the following assets), *inter alia*,

(i) certain payment obligations (*Schuldversprechen*) or acknowledgments of debt (*Schuldanerkenntnis*) within the meanings of §§ 780 and 781 of the BGB which are secured by registered liens;

(ii) equalisation claims (as described in (i) of the subsection entitled "*Cover Pool for Mortgage Pfandbriefe*" set out above);

(iii) the assets set out in (a) to (c) in the description of the Excess Cover Assets set out above and money claims against the European Central Bank, any central bank of a member state of the EU or any other suitable credit institution (as set out in (d) in the description of the Excess Cover Assets set out above);

(iv) money claims as set out in (iii) to (vi) of the subsection entitled "*Cover Pool for Mortgage Pfandbriefe*" set out above; and

(v) claims from derivative transactions (as described in (vii) of the subsection entitled "*Cover Pool for Mortgage Pfandbriefe*" set out above, provided that the share of the Pfandbrief Bank's claims from derivative transactions included in the Cover Pool in terms of the total amount of the cover assets as well as the Pfandbrief Bank's liabilities from derivative transactions in terms of the total amount of Aircraft Pfandbriefe outstanding plus the liabilities resulting from derivative transactions must not exceed 12 per cent.).

Insolvency proceedings
The PfandBG also establishes rules applicable in the case of an insolvency of a Pfandbrief Bank. These rules require, *inter alia,* the appointment of one or two special cover pool administrator(s) (*Sachwalter*; the "**Administrator**") in the case of the insolvency of a Pfandbrief Bank, which has Pfandbriefe outstanding. For the sole benefit of the holders of Pfandbriefe, the Cover Pools will be separately administered by the Administrator from the general insolvency estate of the Pfandbrief Bank.

The Administrator will be appointed by the court having jurisdiction at the location of the head office of the Pfandbrief Bank at the request of the BaFin before or after the institution of insolvency proceedings. The Administrator will be subject to the supervision of the court, and of the BaFin insofar as the BaFin may request the court to remove the Administrator if there is good reason to do so. In the event of insolvency proceedings being opened with respect to a Pfandbrief Bank, the Administrator will take over the administration and management of the Cover Pools (including the power to dispose of the relevant Cover Pool's assets). The Administrator will receive all payments on Cover Pool assets (payments on interest and principal) and it is his obligation to settle the Cover Pool and ensure full satisfaction of the holders of Pfandbriefe. Only in the case of an obvious over-collateralisation in the

Cover Pool (including the Excess Cover) and in case that assets are not subject to the Trustee's administration is the insolvency administrator entitled to demand that the Administrator shall effect a transfer of assets from the relevant Cover Pool to the insolvency estate of the Pfandbrief Bank. Cover assets remaining after (i) the holders of Pfandbriefe have been fully satisfied and (ii) costs relating to the management of the Cover Pools by the Administrator have been paid must be surrendered to the insolvency estate of the Pfandbrief Bank.

With the written consent of the BaFin, the Administrator may furthermore transfer all or part of the Pfandbrief liabilities and the corresponding cover assets to another Pfandbrief Bank. In the event of a partial transfer of the cover assets, the proportion of the relevant cover assets which remain with the insolvent Pfandbrief Bank must comply with the provisions concerning the coverage for Pfandbriefe.

Under the PfandBG, the Cover Pools are not part of the insolvency estate of the Pfandbrief Bank in the event of its insolvency, and, therefore, such insolvency would not automatically trigger an insolvency of the assets contained in the Cover Pools. Only if the relevant Cover Pool were to become insolvent, which could occur as a result of (i) such Cover Pool's inability to meet the obligations arising from the Pfandbriefe issued against it (*Zahlungsunfähigkeit*); or (ii) an excess of the obligations arising from the Pfandbriefe issued against such Cover Pool over the Cover Pool's assets (*Überschuldung*), separate insolvency proceedings would be initiated against the relevant Cover Pool by the BaFin. In either case, holders of Pfandbriefe would have the first claim on the assets contained in the respective Cover Pool. Their preferential right would also extend to the interest on the Pfandbriefe accrued after the commencement of insolvency proceedings. Furthermore, but only to the extent that holders of Pfandbriefe suffer a loss, holders would also have recourse to any assets of the insolvent Pfandbrief Bank not contained in the respective Cover Pools. With regard to these assets, holders of Pfandbriefe would rank equal with other unsecured and unsubordinated creditors of the insolvent Pfandbrief Bank.

Jumbo-Pfandbriefe

Jumbo-Pfandbriefe are governed by the same laws as Pfandbriefe and therefore cannot be classified as a type of assets apart from Pfandbriefe. However, in order to improve the liquidity of the Pfandbrief market certain Pfandbrief Banks have agreed upon certain minimum requirements for Jumbo-Pfandbriefe (*Mindeststandards für Jumbo-Pfandbriefe*) (the "**Minimum Requirements**") applicable to such Pfandbriefe which are issued as Jumbo-Pfandbriefe. These Minimum Requirements are not statutory provisions. Instead, they should be regarded as voluntary self-restrictions which limit the options issuers have when structuring Pfandbriefe. An incomplete overview of the Minimum Requirements is set out below:

(i) At issue, the minimum principal amount of Jumbo-Pfandbriefe is at least Euro 1,000,000,000.

(ii) After having been issued, Jumbo-Pfandbriefe may not be transcribed to the name of a holder.

(iii) Jumbo-Pfandbriefe must be issued in "straight bond format", i.e. they must be fixed rate notes (with interest payable annually in arrear and with a "bullet redemption").

(iv) The issuer of Jumbo-Pfandbriefe may repurchase its Jumbo-Pfandbriefe for redemption purposes or for administration by the Trustee. After any repurchase of Jumbo-Pfandbriefe by the relevant issuer the remaining outstanding aggregate principal amount of these Jumbo-Pfandbriefe must not fall below Euro 1,000,000,000. The relevant issuer must publicly announce any repurchase, the planned volume thereof and the issue envisaged for repurchase at least three banking days in advance, and make sure that extensive transparency is given in the market. Following any repurchase of the Jumbo-Pfandbriefe it has issued, the relevant issuer may not increase the Jumbo-Pfandbriefe it has repurchased before a year's time has passed.

(v) Within 30 calendar days of their issue date Jumbo-Pfandbriefe have to be listed on a regulated market in a member state of the European Union or another contracting state to the Agreement on the European Economic Area.

If one of the Minimum Requirements is not met anymore, the Jumbo-Pfandbrief will lose its Jumbo-Pfandbrief status.

The Minimum Requirements are supplemented by rules of good conduct for issuers and syndicate banks *(Wohlverhaltensregeln für Emittentin und Syndikatsbanken)* (the "Rules of Good Conduct"). The Rules of Good Conduct do not contain statutory provisions.

VII. GERMAN BOND ACT

*The following is a summary of the more fundamental principles relating to holders' resolutions under the German Bond Act (Schuldverschreibungsgesetz ("**SchVG**")). It does not purport to be a comprehensive description of all provisions comprised in the SchVG. Furthermore, this section does not comprise all considerations which might be relevant for an investor and does not cover any specifics which might apply in connection with resolutions of holders in relation to a specific issue of Instruments unter this Prospectus.*

Introduction
On 5 August 2009, the SchVG dated 31 July 2009 entered into force and replaced the preceding act on bonds dated 4 December 1899. The SchVG is applicable in principle to all bonds issued under German law on or after the day the act entered into force. One exception to the applicability of the SchVG are German Pfandbriefe. The SchVG, *inter alia*, introduces transparency requirements relating to obligations constituted by bonds, confirms the collectively binding effect of the terms and conditions of bonds and most importantly contains modified provisions relating to resolutions of holders.

Resolutions of holders
The provisions on holders' resolutions contained in the SchVG (§§ 5 to 21 of the SchVG) are only applicable if this is specifically determined for an issue of bonds. If §§ 5 to 21 of the SchVG are determined to be applicable, holders of such bonds may modify the terms and conditions of such bonds by way of majority resolution. The specific provisions relating to holders' resolutions in the SchVG provide a framework for holders' resolutions. Deviations from the provisions contained in §§ 5 to 21 of the SchVG to the disadvantage of the holders are only possible insofar as expressly provided for in the SchVG.

A resolution passed with the applicable majority will be binding upon all holders and shall ensure an equal treatment of the holders of such bonds. A resolution that does not provide for equal terms for all holders shall be invalid unless the disadvantaged holders expressly approve such discrimination.

By means of resolution the holders may agree in particular upon, but not limited to:

(i) the modification of the due date of interest, and reduction or exclusion of interest;

(ii) the modification of the maturity date of principal;

(iii) the reduction of principal;

(iv) the subordination of the claims under the Instruments in the event of insolvency proceedings of the issuer;

(v) the conversion or exchange of the bonds into company shares, other securities or other promises of performance;

(vi) the replacement and release of collateral;

(vii) the change of the currency of the Instruments;

(viii) the waiver or limitation of the holders' right of termination;

(ix) the substitution of the issuer; and

(x) the modification or repeal of ancillary provisions relating to the bonds;

as well as such other measures as determined by an issuer.

Resolutions of the holders are passed by the majorities stipulated by the SchVG or, as the case may be, as stated in the conditions of the bonds, if these contain a provision deviating from the majorities stipulated by the SchVG. Resolutions which materially amend the content of the conditions of the bonds, in particular in connection with the measures (i) to (ix) above may only be passed by a majority vote of at least 75 per cent. of the participating voting rights (qualified majority). However, the conditions of the bonds may contain higher majority requirements for certain or all measures subject to decisions of the holders.

The holders may pass resolutions either in a holders' meeting or by voting without meeting. The voting procedure applicable to the bonds will be either specified in the conditions applicable to such bonds or will be determined on the basis of the convocation to the holders' meeting or of the voting request, in the event of voting without meeting.

Voting right
The voting right(s) of a holder are determined on the basis of the nominal amount or, as the case may be, proportionally by reference to the outstanding bonds. The conditions of participation and voting may be stipulated in the conditions applicable to the bonds or specified in the individual convocation of the holders' meeting or, in the event of voting without meeting, in the relevant voting request.

Joint representative
The provisions of the SchVG provide for a joint representative for all holders (the "**Joint Representative**") to be determined in the conditions applicable to the bonds or otherwise. If such appointment of the Joint Representative was made in the conditions applicable to the bonds, special requirements stipulated by the SchVG apply.

The Joint Representative can be any person who has legal capacity or any competent legal entity. The appointment of persons belonging to the sphere of interest of the Issuer is subject to specific disclosure requirements. However, in the event of appointment in the conditions applicable to the bonds, the appointment of a member of the management board, of the supervisory board, administrative board or similar, of an employee of the issuer or of one of its affiliates shall be void. The appointment in the conditions applicable to the bonds of such other persons belonging to the sphere of interest of the Issuer as specified in the SchVG requires the disclosure of the relevant circumstances in the conditions applicable to the bonds.

Convening of holders' meetings
A holders' meeting may be convened by the issuer or by the Joint Representative of the holders. Under certain circumstances further specified in the SchVG or, as the case may be, as provided in the conditions applicable to the bonds, a holders' meeting has to be convened if this is requested by holders representing at least 5 per cent of the outstanding bonds.

The holders' meeting must be convened at least fourteen (14) days prior to the date of the meeting. If a registration is required in order to participate in a holders' meeting or to exercise any voting rights the notice period shall take into account the registration period. The registration has to be submitted on the third day prior to the holders' meeting at the latest and shall be sent to the address which has been provided in the notification of convocation of the holders' meeting.

Pursuant to the SchVG, for issuers having their registered office in Germany the holders' meeting shall take place at the place where the issuer has its registered office or if the relevant bonds are admitted to trading on a stock exchange within the meaning of § 1 (3e) of the KWG based in a member state of the European Union or in another state of the European Economic Area, the holders' meeting may also be held at the place where such stock exchange has its registered office.

The convocation to the holders' meeting must indicate the name, the registered office of the issuer, the time and place of the holders' meeting as well as the conditions for participation in the meeting and exercise of the voting right(s). The convocation must be made publicly available in the federal gazette (*Bundesanzeiger*) and in such other form, if any, as specified in the conditions applicable to the bonds. In addition, the convocation as well as the conditions for participation in the meeting and exercise of the voting right(s) must be made available to the holders of the Instruments by the issuer via publication on its website or, if the Issuer does not maintain a website, on such other website as specified in the conditions applicable to the bonds, from the day of the convocation until the day of the meeting.

Holders' meetings
The agenda of the meeting together with a proposed resolution for each agenda item subject to holders' resolution must be made publicly available together with the convocation. No resolutions may be made with respect to items of the agenda that have not been made publicly available as required. Holders representing at least 5 per cent of the outstanding bonds may demand that new agenda items shall be made publicly available. Such new matters must be published on the third day prior to the date of the meeting at the latest.

Counter-motions announced by any holder prior to the meeting must be made available to the holders by the issuer on its website without undue delay until the day of the meeting or, if the issuer does not maintain a website, on such other website as specified in the conditions applicable to the bonds.

The convocation shall make reference to the option of each holder to be represented by proxy in the holders' meeting, indicating the conditions to be fulfilled for a valid representation by proxy. The proxy shall be presented in writing.

The convening party shall chair the holders' meeting, unless another chairperson has been appointed by court decision. In the holders' meeting the chairperson will prepare a register of the holders present or represented. The register will be signed by the chairperson and made available to all holders without undue delay.

The holders' meeting has a quorum if the holders' present in the meeting represent at least 50 per cent of the outstanding bonds. If the meeting does not have a quorum the chairperson may convene a second meeting. Such second holders' meeting requires no quorum; for resolutions requiring a qualified majority the holders' present shall represent at least 25 per cent of the outstanding bonds. However, the conditions applicable to the bonds may contain higher quorum requirements.

Unless otherwise provided by the conditions applicable to the bonds, the relevant provisions of the German Stock Corporation Act (*Aktiengesetz*) for voting of the shareholders in the general meeting of shareholders (*Hauptversammlung*) are applicable *mutatis mutandis* to voting and the counting of votes.

In order to be valid, any resolution must be recorded in the minutes of the meeting, a copy of which may be requested by each holder present or represented by proxy in the holders' meeting within one year of the date of the meeting. If the holder's meeting is held in Germany, the minutes shall be recorded by a notary.

As long as the issuer's registered office is in Germany resolutions passed by the holders will be made publicly available by the issuer in the federal gazette (*Bundesanzeiger*) and in such other form, if any, as specified in conditions applicable to the bonds. In addition, holders' resolutions and, if the conditions applicable to the bonds are amended by a holders' resolution, the wording of the conditions applicable to the bonds must be published by the issuer on its website or, if such is not available, on another website as specified in the conditions applicable to the bonds for a period of at least one month commencing on the day following the holders' meeting.

Voting without meeting
In the case of voting without a meeting the provisions applicable to the convocation and procedure of holders' meetings apply *mutatis mutandis*, unless otherwise provided in the SchVG. The conditions of participation and voting may be stipulated in the conditions applicable to the bonds or specified in the relevant voting request.

The voting request shall indicate the voting period which shall be no shorter than seventy-two (72) hours. Votes shall be given in writing but the conditions applicable to the bonds may also provide for other forms of voting.

The entitlement to participate in the voting procedure shall be evidenced in the same manner as in the case of a holders' meeting. A list of holders entitled to vote will be prepared. If there is no quorum a holders' meeting may be convened that will be considered as a second holders' meeting with regard to quorum. Any resolution must be recorded in the minutes, a copy of which may be requested by each holder which participated in the voting within a period of one year after the voting period.

Each holder which participated in the voting may object in writing against resolutions within a period of two weeks after the publication of the resolution.

VIII. TAXATION

The following is a general description of certain German and Luxembourg tax considerations relating to the payment of principal and interest in respect of the Instruments. It does not purport to be a complete analysis of all tax considerations relating to the Instruments and does not deal with other tax aspects of acquiring, holding or disposing of the Instruments. It relates only to persons who are the absolute beneficial owners of Instruments and may not apply to certain classes of holders. In addition, these comments may not apply where interest on the Instruments is deemed to be the income of any other person for tax purposes. Potential purchasers of Instruments should be aware that the particular terms of issue of any Tranches of Instruments as specified in the relevant Final Terms may affect the tax treatment of that or other Tranches of Instruments. This summary is based upon the law as in effect and as applied on the date of this Prospectus and is subject to any change in law, court rulings or administrative practice that may take effect after such date even with retrospective effect. The following is a general guide and should be treated with appropriate caution.

Taxation and its effects depend on the individual circumstances of the taxpayer. Potential purchasers of Instruments are advised to consult their tax advisers as to the tax consequences of such purchase applicable to their particular situation under the tax laws of the country in which they are resident for tax purposes and under the tax laws of the Federal Republic of Germany and Luxembourg.

The Issuer does not assume responsibility for any withholding of taxes at the source.

1. Germany

a) Tax residents
The following paragraphs apply to persons resident in Germany, i.e. persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany.

aa) Taxation of interest income and capital gains
- Instruments held as private assets
Private income derived from capital investments (*Einkünfte aus Kapitalvermögen*) is subject to the flat tax (*Abgeltungsteuer*) regime which is applicable as from 1 January 2009. Such income from capital investments includes, *inter alia*, any interest received including interest having accrued up to the disposition of an Instrument and credited separately (the "**Accrued Interest**"; *Stückzinsen*), if any, and capital gains from the disposal, redemption, repayment or assignment of Instruments held as non-business assets irrespective of a holding period. The taxable capital gain is the difference between the proceeds from the disposition, redemption, repayment or assignment on one hand and the direct acquisition and disposal costs (including lump sum fees payable to banks for the administration of a depository account or of assets provided they are documented as covering transaction cost and not current management fees and subject to further requirements) on the other hand. Where Instruments are issued in a currency other than Euro, the disposal proceeds and the acquisition costs each will be converted into Euro using the exchange rates as at the relevant dates, so that currency gains and losses will also be taken into account in determining taxable income.

Related expenses (*Werbungskosten*) are not deductible, however, an annual tax allowance (*Sparer-Pauschbetrag*) of up to EUR 801 is granted in relation to all income from capital investments (up to EUR 1,602 for married couples filing a joint tax return).

Accrued Interest paid upon the acquisition of a privately held Instrument may give rise to negative income from capital investments. Such negative income and losses from capital investments can only be set off with income from capital investments. Any losses not offset in a given year may be carried forward to future years and be deducted from income from capital investments. Any existing loss carry forwards from years before 2009 may be set off in the future against income from capital investments observing certain procedural and timing limitations.

Income from capital investments is subject to German income tax at a special tax rate of 25 per cent. plus a solidarity surcharge (*Solidaritätszuschlag*) thereon at a rate of 5.5 per cent., arriving at a tax rate of 26.375 per cent. plus, as the case may be, church tax (which is not addressed further in this summary). As a rule, the tax is imposed by way of withholding (*Kapitalertragsteuer*). The withheld tax amounts settle the personal income tax liability. In the event that no withholding tax was withheld (for example in cases where the Instruments were kept in custody abroad), the relevant income has to be declared in the personal tax return and income tax is assessed on the gross income from capital investments at the special tax rate of 25 per cent. An assessment may also be applied for in order to set off losses or to take advantage of the tax allowance if this was not done within the withholding process. An assessment may further be applied for if a taxation at the personal progressive rates applicable for the relevant tax payer would lead to a lower tax burden (so called favourableness test – *Günstigerprüfung*). A deduction of related cost is not possible in the assessment procedure.

Where the income from the Instruments qualifies as income from letting and leasing of property, the flat tax is not applicable. The holder will have to report income and related expenses on his tax return and the balance will be taxed at the holder's applicable personal progressive tax rate of up to 45 per cent. plus solidarity surcharge of 5.5 per cent. thereon. Any withholding tax withheld is credited against the personal income tax liability.

- Instruments held as business assets

Where Instruments are held as business assets, any income derived therefrom is taxed as income from agriculture or forestry, business income, or as income from a self-employed activity (*selbständige Arbeit*), as the case may be. The flat tax regime is not applicable.

In the event that Instruments are held by an individual, the income is subject to income tax at the personal progressive tax rates of up to 45 per cent. (plus solidarity surcharge thereon of 5.5 per cent.). In addition, the income – to the extent it is business income – is subject to trade tax (trade tax rates ranging from approx. 12 to 17 per cent. depending on the trade tax multiplier of the municipality concerned). Trade tax may in principle be (partially) credited against the income tax by way of a lump sum procedure.

If the holder of an Instrument is a corporation, the income is subject to corporate income tax of 15 per cent. plus solidarity surcharge thereon of 5.5 per cent. and trade tax at the above rates.

If the Instrument is held by a partnership, the income derived therefrom is allocated directly to the partners. Depending on if they are individuals or corporations, the income is subject to income tax or to corporate income tax at the level of the partner. The income – to the extent it is business income – is further subject to trade tax at the above rates at the level of the partnership. In case of a partner who is an individual, the trade tax may in principle (partially) be credited against the income tax by way of a lump sum procedure.

bb) Withholding tax

Withholding tax, if applicable, is levied at a uniform rate of 25 per cent. (in all cases plus solidarity surcharge thereon of 5.5 per cent.). A German branch of a German or non-German bank or of a German or non-German financial services institution, or a German securities trading bank or business (each a "**German Disbursing Agent**") is in principle obliged to withhold withholding tax and pay it to the German tax authorities for the account of the holder of an Instrument. The Issuer may be obliged to deduct and withhold withholding tax where (i) no German bank or German financial services institution is the disbursing agent and where additionally (ii) the Issuer holds Instruments in custody, administers them or effects a sale of the Instruments and pays or credits the relevant amounts of interest or sales proceeds.

Where Instruments are held in a custodial account that the holder of the Instrument maintains with a German Disbursing Agent, withholding tax will be levied on the gross interest payments. In the event that the disposition, redemption, repayment or assignment of an Instrument is made or commissioned through a German Disbursing Agent effecting such disposition, redemption, repayment or assignment commission, withholding tax is levied on the capital gains from the transaction. To the extent the Instruments have not been kept in a custodial account with the German Disbursing Agent since the time of acquisition, upon the disposal, redemption, repayment or assignment, the withholding tax rate is applied to 30 per cent. of the disposal proceeds (substitute assessment base – *Ersatzbemessungsgrundlage*), unless the holder of the Instruments provides evidence of the actual acquisition cost by submitting a certificate of the previous German Disbursing Agent or a foreign credit or financial services institution within the European Economic Area. In computing the withholding tax base, the German Disbursing Agent will take into account (the following each derived from private capital investments) Accrued Interest paid to it and, according to a specific procedure, settle losses from the disposal of capital investments (other than stocks (*Aktien*)) from other transactions entered into through or with the same German Disbursing Agent. If, in this context, losses cannot be offset in full against positive income from capital investments, the German Disbursing Agent will upon request issue a certificate stating the losses in order for them to be offset or carried forward in the assessment procedure. The request must reach the German Disbursing Agent by 15 December of the current year and is irrevocable.

If, in the case of physical delivery, no cash payment is made on redemption, the German Disbursing Agent will request the holder of the Instrument to pay the withholding tax amount to it. If the holder of the Instrument does not pay the amount to be withheld to the German Disbursing Agent, the latter must notify the tax authorities of such failure which will then otherwise collect the tax not withheld.

In general, no withholding tax will be levied if the holder of the Instruments is an individual (i) whose Instruments are held as private assets and are not allocated to income from leasing and letting of certain property, and (ii) who files an exemption certificate (*Freistellungsauftrag*) with the German Disbursing Agent, but only to the extent the interest income derived from the Instruments together with the other income from capital investment does not exceed the exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the holder of an Instrument has submitted to the German Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the relevant local tax office.

If Instruments are held as private assets and the income derived therefrom is not allocable to income from the leasing and letting of certain property, the personal income tax liability is, in principle, settled by the tax withheld. A tax assessment may be applied for in the cases outlined above. In assessment cases and in cases where the Instrument is held as a business asset or is allocable to other types of income, the withholding tax is credited against the income tax or corporate income tax liability of the holder of the Instrument, or is refunded.

Withholding tax, as a rule, does not have to be deducted or withheld if the holder of an Instrument is a German branch of a German or non-German bank or of a German or non-German financial services institution or a German capital investment company (*Kapitalanlagegesellschaft*).

Taxes on the capital gains from the disposal of Instruments derived by a private law corporation that is subject to unlimited taxation in Germany and which is not exempt from corporate income tax, and that is neither a German branch of a German or non-German bank or of a German or non-German financial services institution nor a German capital investment company, are not collected in the form of withholding tax. In the case of certain specific groups of corporations, this applies only if they provide evidence of falling under this group of taxpayers by a certificate from their competent tax office.

To the extent that the capital gains represent business income of a domestic business and the sole proprietor declares this to be so to the German Disbursing Agent on the officially required standard form, the German Disbursing Agent must not deduct an amount as withholding tax.

b) Non-residents

aa) Taxation of interest income and capital gains

Income from capital investments (including interest, Accrued Interest and capital gains) is not subject to German taxation, unless (i) the Instruments form part of the business assets of a permanent establishment (including a permanent representative) or a fixed base maintained in Germany by the holder of an Instrument; or (ii) the income otherwise constitutes German-source income creating German limited tax liability (such as income from the letting and leasing of certain property located in Germany). In cases (i) and (ii), a regime similar to that explained above under "*Tax Residents*" applies.

bb) Withholding tax

Non-residents are, in general, exempt from German withholding tax on interest and the solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding paragraph and Instruments are held in a custodial account with a German Disbursing Agent, withholding tax is levied as explained above under "*Tax Residents*". The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty.

c) Inheritance and gift tax

No inheritance or gift taxes with respect to any Instrument will arise under the laws of Germany, if, in the case of an inheritance *mortis causa*, neither the decedent nor the beneficiary, or, in the case of an endowment *intra vivos*, neither the donor nor the donee, has its residence or habitual abode or, as the case may be, its place of management or seat in Germany and such Instrument is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply for example to certain German citizens who previously maintained a residence in Germany. Otherwise, inheritance and gift tax may apply.

Inheritance or gift tax may apply *inter alia* – without any transfer – in intervals of 30 years, if the Instruments are held by a qualifying family foundation (*Stiftung*) or a family association (*Verein*) having its statutory seat or place of management in Germany.

d) Other taxes

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Instruments. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany.

2. Luxembourg

The following summary is of a general nature, is included herein solely for information purposes and does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase or sell the Instruments. It is based on the laws, regulations and administrative and judicial interpretations presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice or to cover any and all types of investors. Potential investors in the Instruments should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Potential investors should be aware that the residence concept used under the respective headings below applies for Luxembourg income tax and net wealth tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax generally encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*). Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

a) Withholding tax

aa) Non-resident holders of Instruments

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the "**Laws**") (i) implementing the European Union Savings Directive (Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments; the "**EU Savings Directive**") and (ii) ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of European Union Member States, there is no withholding tax on payments of principal, premium or interest made under the Instruments, nor on accrued but unpaid interest in respect of the Instruments, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Instruments held by non-resident holders of Instruments.

Under the EU Savings Directive and the Laws, a Luxembourg based paying agent (within the meaning of the EU Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income (within the meaning of the Laws) paid by it to (or under certain circumstances, for to benefit of) an individual resident in another European Union Member State or a residual entity (the "**Residual Entity**") in the sense of Article 4.2. of the EU Savings Directive (i.e. an entity without legal personality and whose profits are not taxed under the general arrangements for the business taxation and that is not, or has not opted to be considered as, an undertaking for collective investment in transferrable securities or is UCITS recognised in accordance with Council Directive 85/611/EEC), resident or established in another European Union Member State, unless the beneficiary of the payment of interest or similar income elects for an exchange of information or provides a specific tax certificate to the Luxembourg based paying agent. The same regime applies to payments by a Luxembourg based paying agent to individuals or Residual Entities resident in certain dependent or associated territories (including Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, Curaçao, Saba, Sint Eustatius, Bonaire, Sint Maarten and Aruba).

The current withholding tax rate is 35 per cent. Responsibility for the withholding of the tax will be assumed by the Luxembourg based paying agent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain other countries.

Investors should note that the European Commission announced proposals to amend the EU Savings Directive. If implemented, the proposed amendments would, *inter alia*, extend the scope of the EU Savings Directive to (i) payments made through certain intermediate structures (whether or not established in an European Union Member State) for the ultimate benefit of an European Union resident individual, and (ii) a wider range of income similar to interest (for more information, please see Section VIII.3. "*Taxation - EU Savings Directive on the Taxation of Savings Income*") below.

bb) Resident holders of Instruments
Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the "**Law**") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Instruments, nor on accrued but unpaid interest in respect of the Instruments nor is any Luxembourg withholding tax payable upon redemption or repurchase of Instruments held by Luxembourg resident holders of Instruments.

Under the Law, payments of interest or similar income on debt instruments made or deemed to be made by a paying agent (within the meaning of the Law) established in Luxembourg to or for the benefit of an individual Luxembourg resident for tax purposes who is the beneficial owner of such payment may be subject to a final tax of 10 per cent. Such tax will be in full discharge of income tax if the individual beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding and payment of the tax will be assumed by the Luxembourg based paying agent.

An individual beneficial owner of interest or similar income (within the meaning of the Law) who is a resident of Luxembourg and acts in the course of the management of his/her private wealth may opt in accordance with the Law for a final tax of 10 per cent. when he/she receives or is deemed to receive such interest or similar income from a paying agent established in another European Union Member State, in a member state of the European Economic Area which is not a European Union Member State or in a state which has concluded a treaty directly in connection with the EU Savings Directive. In such case, the 10 per cent. levy is calculated on the same amounts as for the payments made by Luxembourg resident paying agents. The option for the 10 per cent. final levy must cover all payments of interest or similar income made by the paying agents to the Luxembourg resident beneficial owner during the entire calendar year. The individual resident that is the beneficial owner of interest is responsible for the declaration and the payment of the 10 per cent. final tax.

b) Income taxation
aa) Non-resident holders of Instruments
Non-resident holders of Instruments, not having a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the Instruments or income therefrom are attributable, are not subject to Luxembourg income taxes on income accrued or received, redemption premiums or issue discounts, under the Instruments nor on capital gains realised on the disposal or redemption of the Instruments. Non-resident holders who have a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the Instruments or income therefrom are attributable are subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts under the Instruments and on any gains realised upon the sale or disposal of the Instruments.

bb) Resident holders of Instruments

- Individuals

A resident holder of Instruments, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest or similar income received, redemption premiums or issue discounts, under the Instruments, except if tax has been levied on such payments in accordance with the Law.

A gain realised by an individual holder of Instruments, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Instruments is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Instruments were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Law.

- Corporation

A corporate resident holder of Instruments must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realised on the sale or disposal, in any form whatsoever, of the Instruments, in its taxable income for Luxembourg income tax assessment purposes.

A holder of Instruments that is governed by the law of 11 May 2007 on family estate management companies, or by the law of 17 December 2010 on undertakings for collective investment, or the law of 13 February 2007 on specialised investment funds (as amended) is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium, nor on gains realised on the sale or disposal, in any form whatsoever, of the Instruments.

c) Net wealth taxation

A corporate holder of Instruments, whether it is resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment, fixed place of business or a permanent representative in Luxembourg to which such Instruments are attributable, is subject to Luxembourg wealth tax on such Instruments, except if the holder of Instruments is a family estate management company (*société de gestion de patrimoine familial*) introduced by the law of 11 May 2007, an undertaking for collective investment governed by the law of 17 December 2010 (amending the law of 20 December 2002), a securitisation vehicle governed by and compliant with the law of 22 March 2004 on securitisation, a company governed by and compliant with the law of 15 June 2004 (as amended) on venture capital vehicles, or a specialised investment fund governed by the law of 13 February 2007 on specialised investment funds (as amended).

An individual holder of Instruments, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Instruments.

d) Other taxes

Neither the issuance nor the transfer of Instruments will give rise to any Luxembourg stamp duty, value added tax, issuance tax, registration tax, transfer tax or similar taxes or duties, provided that the relevant issue or transfer agreement is not registered in Luxembourg which is not mandatory.

Where a holder of Instruments is a resident of Luxembourg for tax purposes at the time of his/her death, the Instruments are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Instruments if embodied in a Luxembourg deed or recorded in Luxembourg.

3. EU Savings Directive on the taxation of savings income

Under EC Council Directive 2003/48/EC (as amended) on the taxation of savings income (the **"EU Savings Directive"**), member states have been required, since 1 July 2005, to provide to the tax authorities of another member state details of payments of interest (or similar income) paid by a paying agent within its jurisdiction to an individual resident in that other member state. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system to withhold a tax at a rate of (since 1 July 2011) 35 per cent. (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). In conformity with the prerequisites for the application of the EU Savings Directive, a number of non-EU countries and territories, including Switzerland, have agreed to apply measures equivalent to those contained in such directive (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a paying agent in a state which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Instrument as a result of the imposition of such withholding tax.

The EU Savings Directive is currently under review and may be amended. One of the amendments being discussed is an extension of the scope of the Directive to include interest income derived by certain corporations.

IX. SUBSCRIPTION AND SALE

1. General

Instruments may be sold from time to time by the Issuer to any one or more of Barclays Bank PLC, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Credit Suisse Securities (Europe) Limited, Deutsche Bank Aktiengesellschaft, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, HSBC Bank plc, Merrill Lynch International, Norddeutsche Landesbank – Girozentrale –, UBS Limited (each a "**Dealer**", which term shall include any additional dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue). The arrangements under which Instruments may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in a dealer agreement dated on or about 22 June 2012 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. Any such agreement will, inter alia, comprise provisions for the terms and conditions applicable to the relevant Instruments, the price at which such Instruments will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable by the Issuer in respect of such purchase. Furthermore, the Dealer Agreement comprises provisions relating to the resignation or removal of existing Dealers and the appointment of additional or other Dealers. The Issuer may sell Instruments from time to time to persons or institutions that are not Dealers.

The price and amount of Instruments to be issued under this Prospectus will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Neither the Issuer nor any of the Dealers represent that Instruments may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

2. Form of Instruments

Instruments issued under this Prospectus may be issued in bearer form only. Instruments in definitive form for individual notes and interest coupons will not be issued.

The Issuer will deliver one or more Temporary Global Notes or Permanent Global Notes. The relevant global note(s) will be deposited on or before the relevant issue date with (i) a depositary or a common depositary for Euroclear Bank SA/NV (1 Boulevard du Roi Albert II, 1210 Brussels, Belgium) ("**Euroclear**") and/or Clearstream Banking, société anonyme, Luxembourg (42 Avenue JF Kennedy, 1855 Luxembourg, Luxembourg) ("**Clearstream Luxembourg**") or (ii) Clearstream Banking AG, Eschborn (Mergenthaler Allee 61, 65760 Eschborn, Germany) ("**Clearstream Frankfurt**").

As opposed to the procedure for Instruments issued under the classical global note regime (the "**Classical Global Notes**" or the "**CGN**") as described above, the global notes issued under the New Global Note regime will not be deposited with a depositary or a common depositary, but directly with Euroclear and Clearstream Luxembourg as common safekeepers (the "**New Global Notes**" or the "**NGN**"). The Final Terms will specify whether the Instruments are issued as Classical Global Notes or New Global Notes.

3. Selling restrictions

a) General

Each Dealer acknowledges that, save for having obtained the approval of this Prospectus by the *Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)* (the "**Competent Authority**"), the relevant stock exchange, listing authorities and/or quotation systems, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Instruments, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. For avoidance of doubt, the approval of this Prospectus by the Competent Authority and the listing of the Programme or any Instruments on the Luxembourg Stock Exchange or any other stock exchange does not constitute a public offering. Each Dealer will comply to the best of its knowledge and belief with all applicable securities laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Instruments or has in its possession or distributes such offering material, in all cases at its own expense.

b) United States of America
The Instruments have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state of the United States, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act.

Each Dealer has represented and agreed that it has offered and sold the Instruments of any Tranche, and will offer and sell the Instruments of any Tranche (i) as part of their distribution at any time and (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and such completion is notified to each relevant Dealer, by the Fiscal Agent or, in the case of a syndicated issue, the lead manager, only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Dealer has represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts (as defined in Rule 902 of Regulation S) with respect to the Instruments, and it and they have complied and will comply with the offering restrictions (as defined in Rule 902 of Regulation S) requirement of Regulation S. Each Dealer has agreed to notify the Fiscal Agent or, in the case of a syndicated issue, the lead manager when it has completed the distribution of its portion of the Instruments of any Tranche so that the Fiscal Agent or, in the case of a syndicated issue, the lead manager may determine the completion of the distribution of all Instruments of that Tranche and notify the other relevant Dealers (if any) of the end of the distribution compliance period (as defined in Rule 902 of Regulation S). Each Dealer agrees that, at or prior to confirmation of sale of Instruments, it will have sent to each distributor (as defined in Rule 902 of Regulation S), dealer or person receiving a selling concession, fee or other remuneration that purchases Instruments from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of this tranche of Securities as determined, and notified to [relevant Dealer], by the [Fiscal Agent/lead manager]. Terms used above have the meanings given to them by Regulation S under the Securities Act[15]."

Terms used in the preceding paragraph have the meaning given to them by Regulation S under the Securities Act.

The Instruments are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meaning given to them under the U.S. Internal Revenue Code of 1986, as amended (the "**U.S. Internal Revenue Code**"), and regulations thereunder.

Instruments may be issued in accordance with the provisions of U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(D) (the "**D Rules**") or in accordance with the provisions of the U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(C) (the "**C Rules**"), in each case, including any successor regulations or rules in substantially the same form as the D Rules or the C Rules, as applicable, for purposes of Section 4701 of the U.S. Internal Revenue Code.

(i) In respect of Instruments issued in accordance with the D Rules, each Dealer represents and agrees (and will cause each Dealer to which it sells any Instruments during the restricted period to represent and agree) that:

(a) except to the extent permitted under the D Rules, (A) it has not offered or sold, and during the restricted period will not offer or sell, such Instruments to a person who is within the United States or its possessions or to a United States person and (B) in connection with the sale of the

[15] The square brackets do not represent alternatives to be applied by the Issuer in specific issuances, rather they are included to indicate places in which the relevant Dealer is to fill in the appropriate names in any such legend provided to any distributor as required by Regulation S.

Instruments during the restricted period, such Dealer has not delivered and will not deliver within the United States or its possessions definitive Instruments;

(b) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Instruments are aware that such Instruments may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(c) if such Dealer is a United States person, it represents that it is acquiring the Instruments for purposes of resale in connection with their original issuance and, if such Dealer retains Instruments for its own account, it will only do so in accordance with the requirements of U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(D)(6);

(d) it acknowledges that an offer or sale will be considered to be made in the United States or its possessions if it has an address within the United States or its possessions for the offeree or purchaser of an Instrument subject to such offer or sale; and

(e) with respect to each affiliate (if any) that acquires from such Dealer Instruments for the purpose of offering or selling such Instruments during the restricted period, such Dealer either (A) hereby represents and agrees on behalf of such affiliate to the effect set forth in sub-paragraphs (a), (b), (c) and (d) of this paragraph (i) or (B) agrees that it will obtain from such affiliate for the benefit of the Issuer, the representations and agreements contained in sub-paragraphs (a), (b), (c) and (d) of this paragraph (i).

Terms used in this paragraph have the meanings given to them under the U.S. Internal Revenue Code and regulations thereunder, including the D Rules.

(ii) In respect of Instruments where the C Rules are specified in the relevant Final Terms as being applicable such Instruments must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer represents and agrees that a) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, Instruments within the United States or its possessions in connection with their original issuance; and b) in connection with the original issuance of Instruments, it has not communicated, and will not communicate, directly or indirectly, with a potential purchaser if either such Dealer or such purchaser is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of Instruments. Each Dealer further represents that it has not advertised or promoted, and will not advertise or promote, directly or indirectly, any Instruments from or within the United States or its possessions or to potential purchasers in the United States or its possessions.

Terms used in this paragraph have the meanings given to them under the U.S. Internal Revenue Code and regulations thereunder, including the C Rules.

In addition, until 40 days after the commencement of the offering of any series of Instruments, an offer, sale or delivery of Instruments of such series within the United States by a Dealer (whether or not participating in the offering of such Instruments) may violate the registration requirements of the Securities Act if such offer, sale or delivery is made otherwise than in accordance with an applicable exemption from registration under the Securities Act.

Each Dealer agrees that it has not entered and will not enter into any contractual arrangement with any distributor, within the meaning of Regulation S under the Securities Act, with respect to the distribution of the Instruments, except with its affiliates or with the prior written consent of the Issuer.

In addition, certain series of Instruments in respect of which any payment is determined by reference to an index or formula, or to changes in prices of securities or commodities, or certain other Instruments will be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealers may agree. Each Dealer agrees that it will offer, sell and deliver such Instruments only in compliance with such additional U.S. selling restrictions.

c) Japan

Each Dealer acknowledges and understands that the Instruments have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the "**Financial Instruments and Exchange Law**") and each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Instruments to any person in Japan (which term as used in this paragraph includes any corporation or other entity domiciled in Japan), or to others for re-offering or resale, directly or indirectly, to any person in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and guidelines of Japan promulgated by the relevant Japanese governmental and regulatory authorities and which are in effect at the relevant time.

d) European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer to be appointed under the Programme will be required to represent and agree, that with effect from, and including, the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Instruments which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation hereto to the public in that Relevant Member State, except that it may, with effect from, and including, the Relevant Implementation Date, make an offer of such Instruments to the public in that Relevant Member State:

(i) if the Final Terms in relation to the Instruments specify that an offer of those Instruments may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Instruments which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer (where such concept is relevant under the law of the Relevant Member State);

(ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(iii) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Instruments referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or a Supplement pursuant to Article 16 of the Prospectus Directive and the WpPG.

For the purposes of this provision, the expression an "**offer of Instruments to the public**" in relation to any Instruments in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Instruments to be offered so as to enable an investor to decide to purchase or subscribe the Instruments, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

e) Selling Restrictions addressing additional French Securities Laws

This Prospectus has not been approved by the *Autorité des marchés financiers* ("**AMF**").

The Issuer and each Dealer represent and agree, and each further Dealer under the Programme will be required to represent and agree, that:

(i) it has only made and will only make an offer of Instruments to the public (*offre au public de titres financiers*) in France or an admission of Instruments to trading on a regulated market in France in the period beginning (i) when a prospectus in relation to those Instruments has been approved by the AMF, on the date of its publication or, (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the Prospectus Directive 2003/71/EC (as amended), on the date of notification of such approval to the AMF, and ending at the latest on the date which is twelve months after the date of approval of the prospectus, all in accordance with Articles L.412-1 and L.621-8 to L.621-8-3 of the French *Code monétaire et financier* and the General Regulations (*Règlement général)* of the AMF; or

(ii) it has only made and will only make an offer of Instruments to the public in France or an admission of Instruments to trading on a regulated market in France in circumstances which do not require the publication by the offeror of a prospectus pursuant to the French *Code monétaire et financier* and the General Regulations (*Règlement général*) of the AMF; and

(iii) otherwise, it has not offered or sold and will not offer or sell, directly or indirectly, Instruments to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus, the relevant Final Terms or any other offering material relating to the Instruments, and that such offers, sales and distributions have been and will be made in France only to (a) providers of the investment service of portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account other than individuals all as defined in, and in accordance with, Articles L.411-2, D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*.

The direct or indirect resale of Instruments to the public in France may be made only as provided and in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French *Code monétaire et financier*. In addition, the Issuer and each Dealer represent and agree, and each further Dealer under the Programme will be required to represent and agree, that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in France this Prospectus, the relevant Final Terms or any other offering material relating to the Instruments other than to investors to whom offers and sales of Instruments in France may be made as described above.

f) Selling Restrictions addressing additional Italian Securities Laws

The offering of the Instruments has not been registered nor has it been cleared by the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Dealer represents and agrees that, save as set out below, it has not offered or sold, and will not make any offer of any Instruments to the public in Italy, and that sales of the Instruments in Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Each of the Dealers represents and agrees that it will not offer, directly or indirectly, sell or deliver any Instruments or distribute copies of this Prospectus or any other document relating to the Instruments in Italy except:

(i) that each Dealer may make an offer of Instruments to the public if the Final Terms in relation to Instruments specify that a Non-exempt Offer may be made in Italy, including without limitation, by means of an offer of Instruments to the public following the date of publication of a prospectus in relation to such Instruments and provided that such prospectus has been (a) approved in another Relevant Member State and notified to CONSOB together with the approval certificate stating that the prospectus complies with the Prospectus Directive and with an official translation into Italian of the summary and (b) completed by final terms expressly contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, as implemented in Italy under Legislative Decree No. 58 of 24 February 1998, as amended ("**Financial Services Act**") and CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**"), in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;

(ii) to "qualified investors" (*investori qualificati*) pursuant to Article 100 of the Financial Services Act, as implemented by Article 34-ter of Regulation No. 11971; or

(iii) in any other circumstances where an express exemption from compliance with offer restrictions applies, as provided under the Financial Services Act and its implementing CONSOB regulations, including Regulation No. 11971.

Any offer, sale or delivery of the Instruments in the Republic of Italy or distribution of copies of this Prospectus or any other document relating to the Instruments in the Republic of Italy must be:

(1) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended, and Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**"), as amended, and any other applicable laws and regulations; and

(2) to the extent applicable, in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request post-offering information on the issue or the offer of securities in the Republic of Italy; and

(3) in compliance with securities, tax, exchange control and any other applicable laws and regulations and any other applicable notification requirement or limitation which may be imposed, from time to time, by CONSOB, the Bank of Italy and/or any relevant Italian authorities.

Any investor purchasing the Instruments is solely responsible for ensuring that any offer or resale of the Instruments by such investor occurs in compliance with applicable Italian laws and regulations. The Instruments and the information contained in this Prospectus are intended only for the use of its recipient. No person resident or located in Italy other than the original recipients of this Prospectus may rely on it or its content.

Provisions relating to the secondary market

Investors should also note that, in any subsequent distribution of the Instruments in the Republic of Italy, Article 100-bis of the Financial Services Act may require compliance with the law relating to public offers of securities. Furthermore, Article 100-bis of the Financial Services Act affects the transferability of the Instruments in the Republic of Italy to the extent that any placing of the Instruments is made solely with "qualified investors" and then systematically resold to non-qualified investors on the secondary market at any time in the 12 months following such placing. Where this occurs, and if a prospectus compliant with the Prospectus Directive has not been published, purchasers of Instruments who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and to claim damages from any authorised person at whose premises the Instruments were purchased, unless an exemption provided for under the Financial Services Act applies.

g) Selling Restrictions addressing additional United Kingdom Securities Laws

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any Instruments in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorized person, apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Instruments in, from or otherwise involving the United Kingdom.

4. Description of yield

Different calculation methods exist for the calculation of the yield of an Instrument. One method is the internal rate of return method: when the return is calculated in accordance with this method, a discount rate is determined where the sum of the net present values of all payments of principal, distributions and disbursements of principal is even at the beginning of an Instrument's term and, thus, the principal value is zero ("**IRR Method**"). From an economic viewpoint, the internal rate of return reflects the interest rate of the principal which is tied to an investment or which is tied on an average over the period under review. The IRR Method is one of the most often used methods of return calculation.

The yield may also be calculated on the basis of a method ("**ICMA Method**"), which determines the effective interest rate of Instruments taking into account accrued interest on a daily basis. The yield, the point in time when the yield can be calculated and the calculation method depend on the Instruments issued under this Prospectus. In case of Fixed Rate Instruments, Step-up/Step-down Instruments and Zero- Coupon Instruments the yield can be determined at the Issue Date of the Instruments and will be specified in the Final Terms.

The yield of Floating Rate Instruments and Structured Floating Rate Instruments cannot be determined at the Issue Date because the relevant interest amount cannot be specified on such date. For such Instruments, the yield can only be determined after redemption.

5. Potential investors in the Instruments

Investors of the Instruments issued under this prospectus may be institutional investors, professional investors or private investors.

Institutional investors are for example banks or companies, which regularly invest major amounts. Private investors are customers, who are attributed to the common retail business of banks.

Profesional Investors are persons or entities with subject to their definition in § 2 (6) WpPG.

6. Method of determining the issue price

The issue price consists of different components. These components are the financial mathematical value of the Instruments, the margin and if applicable other payments and administration fees, respectively.

As the case may be, an additional issue fee (a so-called agio) may apply. The financial mathematical value of an Instrument is calculated based on price discovery model which the Issuer uses, and depends besides the value of the underlying on other changeable parameters. The price discovery models are set by the Issuer in its own discretion and can differ from price discovery models, which other issuers consult for calculating comparable bonds.

By calculating its margin the Issuer regards besides yield aspects amongst others cost for risk coverage and risk taking, the structuring and the distribution of the Instruments (so-called distribution remuneration). The margin can contain costs and commissions, which are paid to third parties in connection with the placement of the Instruments.

The margin is evaluated by the Issuer in its own discretion and can differ from margins, which other issuers apply to comparable bonds.

7. Stabilisation

In connection with the issue of any Tranche of Instruments under the Programme, the dealer or dealers (if any) named as stabilising manager(s) (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Instruments or effect transactions with a view to supporting the price of the Instruments at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which the adequate public disclosure of the Final Terms of the offer of the relevant Tranche of Instruments is made and, if begun, may be ended at any time, but must end no later than the earlier of 30 calendar days after the Issue Date of the relevant Tranche of Instruments and 60 calendar days after the date of the allotment of the relevant Tranche of Instruments. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

8. Confirmation to the Dealers

Norddeutsche Landesbank – Girozentrale – has confirmed to the Dealers named in section IX "*Subscription and Sale*" that this Prospectus is true and accurate in all material respects and not misleading; that there are no other facts in relation to the information contained herein the omission of which would, in the context of the issue of the Instruments, make any statement herein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing. The Issuer has further confirmed to the Dealers that this Prospectus (subject to being completed by Final Terms) contains all such information as investors and their professional advisers would reasonably require, and reasonably expect to find, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and its respective subsidiaries and of the rights attaching to the relevant Instruments.

In connection with the public offering and the admission of the Instruments to any regulated market respectively, the Issuer confirms that, if at any time after the approval of this Prospectus:

a) there is a significant new fact, or

b) a material mistake or inaccuracy

relating to the information included in this Prospectus which is capable of affecting the assessment of the Instruments and which arises or is noted between the time when this Prospectus is approved and the final closing of the offer to the public, or, as the case may be, the time when trading on such regulated market begins, the Issuer shall prepare a Supplement to this Prospectus pursuant to Article 16 of this Prospectus Directive and the WpPG. Any Supplement will be published after the approval by the Competent Authority on the website of the Issuer (http://www.nordlb.de).

9. Responsibility of the Dealers

No representation or warranty is made or implied by the Dealers or any of their respective affiliates in this Prospectus, and neither the Dealers nor any of their respective affiliates make any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained herein, any document incorporated herein by reference, or any Supplement, or any Final Terms or any document incorporated herein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents.

10. Significance of delivery

This Prospectus may only be used for the purpose for which it has been published. This Prospectus and any Final Terms may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. This Prospectus in connection with the relevant Final Terms may be used for offers to retail clients as an offer or an invitation to subscribe for or purchase Instruments, in each case subject to all applicable selling restrictions, as specified in this Prospectus and the relevant Final Terms. In all other circumstances, neither this Prospectus nor the relevant Final Terms shall constitute an offer or an invitation to subscribe for or purchase any Instruments. Offers to retail clients in other jurisdictions, if any, will be made pursuant to applicable local law. In no event should this Prospectus or any Final Terms be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Prospectus or any Final Terms should subscribe for or purchase any Instruments. Each recipient of this Prospectus or any Final Terms will be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

X. IMPORTANT NOTICES TO THIS PROSPECTUS

On 22 October 1992 the Issuer entered into a debt issuance programme and issued an information memorandum on the same date describing the debt issuance programme. The information memorandum was amended and restated from time to time. On 17 October 2005 the Issuer has updated the former information memorandum by way of a prospectus in accordance with the WpPG which implemented the Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 into German Law.

Application has been made to the Competent Authority for the approval of this Prospectus in accordance with the WpPG which implements Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 (the "**Prospectus Directive**") into German law. The Competent Authority gives no undertaking as to the economic or financial opportuneness of the transaction or the quality and solvency of the Issuer.

Approval of this Prospectus pursuant to Article 13 of the Prospectus Directive and the WpPG has only been sought from the Competent Authority and from no other competent authority in any other Member State of the European Union or any other state which has or will implement the Prospectus Directive.

With this Prospectus the Issuer has requested the Competent Authority to provide the *Commission de Surveillance du Secteur Financier (CSSF)*, the competent authority in Luxembourg, with a Notification.

The Issuer may request the Competent Authority to provide further competent authorities in additional Member States within the European Economic Area with a Notification. In addition, the Issuer has undertaken with the Dealers that it may procure in connection with any Tranches of Instruments a Notification in relation to other jurisdiction(s), as may be agreed by the Issuer and the relevant Dealer(s) from time to time and as will be indicated in the applicable Final Terms.

This Prospectus is valid for twelve months following its date of publication and it and any Supplement hereto as well as any Final Terms reflect the status as of their respective dates of issue. Neither the delivery of this Prospectus or any Final Terms nor the offering, sale or delivery of any Instruments may be taken as an implication that the information contained in such documents is accurate and complete subsequent to their respective dates of issue or that there has been no adverse change in the financial condition of the Issuer since such date or that any other information supplied in connection with the Programme is accurate at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Prospectus contains a general description of the legal and economic parameter of the Instruments which may be issued under the terms of this Prospectus (see section V.2 of this Prospectus ("*Technical Description of the Instruments*")).

Potential investors should note that information relating to a specific issue of Instruments **that is not yet known at the date of this Prospectus**, including but not limited to the issue price, the date of the issue, the level of the interest rate (if the Instruments bear interest), the type of interest payable (if the Instruments bear interest), the maturity date, the appliance of any issuer's or holder's rights of termination and other details significantly affecting the economic assessment of the Instruments is not contained in this Prospectus but in the Final Terms applying to the Instruments.

The relevant terms and conditions of the Instruments, which will govern the relationship between the Issuer and the holders, are attached to the relevant global note(s) and form an integral part of such global note(s). The relevant terms and conditions of the Instruments are not set out in this Prospectus but will be made available for an investor with each issue of Instruments to be issued under this Prospectus as a separate document. The relevant terms and conditions of the Instruments and will be published on the Issuer's website (http://www.nordlb.de), provided that the relevant Final Terms are published also.

Potential investors should read all of these documents carefully and understand them prior to making an investment decision.

This Prospectus should be read and understood in conjunction with any Supplement hereto and with any other document incorporated herein by reference. Full information on the Issuer and any Tranche of Instruments is only available on the basis of the combination of this Prospectus, any Supplement and the relevant Final Terms.

The Instruments may be offered and sold from time to time by the Issuer outside the United States through the Dealers. Instruments may be sold to the relevant Dealer(s) as principals at negotiated discounts. The Issuer reserves the right to sell Instruments directly otherwise than through the Dealers. There can be no assurance that all or any Instruments will be sold or that a secondary market will develop for the Instruments (see Section IX. “Subscription and Sale” 7. Stabilisation).

The Instruments have not been approved or disapproved by the U.S. Securities and Exchange Commission (the “**SEC**”) or any state securities commission in the United States or any other U.S. regulatory authority nor have any or the foregoing authorities passed upon the accuracy or the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States. Subject to certain exceptions, the Instruments may not be offered, sold or delivered within the United States or to U.S. persons (as defined in Regulation S under the Securities Act). Neither this Prospectus nor any Final Terms may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

This Prospectus supersedes all previous information memoranda and prospectuses (and any supplements, if any, thereto). Any Instruments to be issued after the date hereof under the Programme are issued subject to the provisions set out herein. Instruments issued prior to the date of this Prospectus are not affected by it.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Instruments other than as contained or incorporated by reference into this Prospectus, in the Dealer Agreement, in any other document prepared by or on behalf of the Issuer in connection with the Programme or any Final Terms, or as approved for such purpose by the Issuer.

The distribution of this Prospectus, any document incorporated herein by reference and any Final Terms and the offering, sale and delivery of the Instruments outside of Germany and Luxembourg in certain jurisdictions may be restricted by law.

Persons into whose possession this Prospectus or any Final Terms come are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Instruments and on the distribution of this Prospectus or any Final Terms and other offering material relating to the Instruments, please see the Section IX. “*Subscription and Sale*”. In particular, the Instruments have not been and will not be registered under the United States Securities Act of 1933, as amended, and will include Instruments in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Instruments may not be offered, sold or delivered within the United States or to U.S. persons.

XI. GENERAL INFORMATION

1. Interests, including any conflicts of interests, of natural and legal persons involved in an issue of Instruments

Certain of the Dealers and their affiliates may be customers of, borrowers from or creditors of the Issuer and its affiliates. In addition, certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business.

2. Reasons for the offer and use of proceeds

If not stated otherwise within the Final Terms, the net proceeds from each issue of Instruments under this Prospectus will be used for general financing purposes of the Issuer.

3. Authorisation

The establishment of the Programme was authorised by the Managing Board (*Vorstand*) of the Issuer on 12 May 1992. This annual update is based on the resolution of the Managing Board dated 12 October 2010 which is still in effect.

4. Availability of documents

From the date hereof and throughout the life of this Prospectus and for so long as any Instruments will be listed on any stock exchange, copies of the following documents (together with English translations) may be inspected at the registered office of Norddeutsche Landesbank – Girozentrale –, in its capacity as Issuer and Paying Agent in Germany, and at the specified office of the Luxembourg Listing Agent and Paying Agent in Luxembourg, in each case during usual business hours, on any workday (Saturdays, Sundays and public holidays excepted):

(i) State Treaty dated 22 August 2007, amended on 12 July 2011;

(ii) the Articles of Association (*Satzung*) of Norddeutsche Landesbank – Girozentrale –;

(iii) the Interim Report (*Zwischenbericht*) of NORD/LB Group as of 31 March 2012

(iv) the Annual Report (*Geschäftsbericht*) of NORD/LB Group for the Financial Year 2011,

(v) the Annual Report (*Geschäftsbericht*) of Norddeutsche Landesbank – Girozentrale – for the Financial Year 2011;

(vi) the Annual Report (*Geschäftsbericht*) of NORD/LB Group for the Financial Year 2010;

(vii) the Dealer Agreement dated on or around 22 June 2012;

(viii) the Fiscal Agency Agreement dated on or around 22 June 2012;

(ix) this Prospectus and any Supplement hereto;

The documents mentioned under (i) to (vi) and (ix) are also available in electronic form. They are available on the Issuer's website of Norddeutsche Landesbank – Girozentrale – (www.nordlb.de).

The Final Terms will be published on the Issuer's website (www.nordlb.de) with regard to Instruments which are either listed on a regulated market on a stock exchange located in member state of the European Economic Area or publicly offered in such member state only.

5. Incorporation by reference

The following documents shall be deemed to be incorporated into, and form part of, this Prospectus (the "**Documents**"). Only the following mentioned parts of the Documents shall be deemed to be incorporated into, and form part of, this Prospectus. The other parts within this Documents are expressly not incorporated into, and do not form part of, this Prospectus. The non-incorporated parts are either not relevant for the investor or covered elsewhere into this Prospectus.

Document	**Pages**	**Reference Page in this Prospectus**
Debt Issuance Programme Prospectus dated 18 May 2011		
Consolidated Financial Statements for the 2010 Reporting Period of NORD/LB Group and the Auditor's Report (with the exception of the sentence: "*The translation of the consolidated financial statements, the group management report and the auditor's report, are provided for convenience;the respective German versions shall be exclusively valid for all purposes.*"	F1 – F117	51

6. Third party information

The information relating to the rating classes contained in this Prospectus has been sourced from a third party. The Issuer confirms that this information has been accurately reproduced and that – as far as the Issuer is aware and is able to ascertain from information published by that third party – no facts have been omitted which would render the reproduced information inaccurate or misleading. Apart from this, no further information or statements contained in this Prospectus have been sourced from a third party.

XII. FINANCIALS

The following English-language Unaudited Interim Consolidated Financial Statements of NORD/LB Group for the period from 1 January 2012 to 31 March 2012, the Consolidated Financial Statements 2011 of NORD/LB Group and the respective Auditor's Report and the Annual Accounts 2011 of Norddeutsche Landesbank – Girozentrale – and the respective Audit Opinion are each translations of the German-language Unaudited Interim Consolidated Financial Statements of NORD/LB Group for the period from 1 January 2012 to 31 March 2012, the Consolidated Financial Statements 2011 of NORD/LB Group and the respective Auditor's Report and the Annual Accounts 2011 of Norddeutsche Landesbank – Girozentrale – and the respective Audit Opinion.

Unaudited Interim Consolidated Financial Statements for the Period from 1 January 2012 to 31 March 2012

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Income Statement

	Notes	1 Jan.– 31 Mar. 2012 (in € million)	1 Jan.– 31 Mar. 2011*) (in € million)	Change (in %)
Interest income		3 204	3 005	7
Interest expense		2 710	2 618	4
Net interest income	6	**494**	**387**	**28**
Loan loss provisions	7	– 33	11	> 100
Commission income		75	84	– 11
Commission expense		33	42	– 21
Net commission income	8	**42**	**42**	**–**
Trading profit / loss		122	– 197	> 100
Profit / loss from the use of the fair value option		– 105	209	> 100
Profit / loss from financial instruments at fair value through profit or loss	9	**17**	**12**	**42**
Profit / loss from hedge accounting	10	– 12	12	> 100
Profit / loss from financial assets	11	5	– 28	> 100
Profit / loss from investments accounted for using the equity method		– 16	5	> 100
Administrative expenses	12	281	282	–
Other operating profit / loss	13	– 27	– 34	– 21
Earnings before taxes		**189**	**125**	**51**
Income taxes	14	71	49	45
Consolidated profit		**118**	**76**	**55**
of which: attributable to the owners of NORD/LB		114	70	
of which: attributable to non-controlling interests		4	6	

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

Statement of Comprehensive Income

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

	1 Jan.– 31 Mar. 2012 (in € million)	1 Jan.– 31 Mar. 2011*) (in € million)	Change (in %)
Consolidated profit	**118**	**76**	**55**
Increase/decrease from available for sale (AfS) financial instruments			
Unrealised profit/losses	474	– 395	> 100
Transfer due to realisation profit/loss	20	34	– 41
Changes in value investments accounted for using the equity method recognised directly in equity	19	– 11	> 100
Translation differences of foreign business units			
Unrealised profit/losses	2	– 5	> 100
Actuarial gains and losses for pensions for defined benefit obligations	– 118	54	> 100
Deferred taxes	– 116	88	> 100
Other profit/loss	**281**	**– 235**	**> 100**
Comprehensive income for the period under review	**399**	**– 159**	**> 100**
of which: attributable to the owners of NORD/LB	389	– 166	
of which: attributable to non-controlling interests	10	7	

Balance Sheet

Assets	Notes	31 Mar. 2012 (in € million)	31 Dec. 2011*) (in € million)	Change (in %)
Cash reserve		900	796	13
Loans and advances to banks	15	32 838	32 928	–
Loans and advances to customers	16	114 072	116 404	– 2
Loan loss provisions	17	– 1 713	– 1 785	– 4
Financial assets at fair value through profit or loss	18	16 733	18 644	– 10
Positive fair values from hedge accounting derivatives		3 309	3 289	1
Financial assets	19	54 754	54 499	–
Investments accounted for using the equity method	20	379	387	– 2
Property and equipment	21	691	688	–
Investment property		79	93	– 15
Intangible assets	22	145	153	– 5
Assets held for sale	23	1	1	–
Current income tax assets		53	60	– 12
Deferred income taxes		607	721	– 16
Other assets	24	1 544	752	> 100
Total assets		**224 392**	**227 630**	**– 1**

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

Liabilities and equity	Notes	31 Mar. 2012 (in € million)	31 Dec. 2011*) (in € million)	Change (in %)
Liabilities to banks	25	54 410	56 584	– 4
Liabilities to customers	26	65 258	63 322	3
Securitised liabilities	27	63 448	66 076	– 4
Adjustment item for financial instruments hedged in the fair value hedge portfolio		744	733	2
Financial liabilities at fair value through profit or loss	28	19 111	20 529	– 7
Negative fair values from hedge accounting derivatives		3 220	3 422	– 6
Provisions	29	3 670	3 414	7
Current income taxes liabilities		191	161	19
Deferred income liabilities		22	4	> 100
Other liabilities	30	1 723	756	> 100
Subordinated capital	31	5 777	6 086	– 5
Equity				
Issued capital		1 494	1 494	–
Capital reserves		3 047	3 175	– 4
Retained earnings		2 536	2 480	2
Revaluation reserve		– 214	– 546	– 61
Currency translation reserve		– 2	– 3	33
Equity capital attributable to the owners of NORD/LB		**6 861**	**6 600**	**4**
Equity capital attributable to non-controlling interests		– 43	– 57	– 25
		6 818	6 543	4
Total liabilities and equity		**224 392**	**227 630**	**– 1**

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

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 review	–	–	56	332	1	389	10	399
Capital payments	–	– 128	–	–	–	– 128		– 128
Consolidation effects and other changes in capital	–	–	–	–	–	–	4	4
Equity as at 31 Mar. 2012	**1 494**	**3 047**	**2 536**	**– 214**	**– 2**	**6 861**	**– 43**	**6 818**

(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. 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	–	–	94	– 253	2	– 157	7	– 150
Distribution	–	–	– 76	–	–	– 76	–	– 76
Capital payments	–	21	–	–	–	21	–	21
Changes in the basis of consolidation	–	–	–	–	–	–	– 4	– 4
Consolidation effects and other changes in capital	–	–	– 1	–	–	– 1	–	– 1
Equity as at 31 Mar. 2011	1 085	2 618	2 107	– 190	– 6	5 614	– 23	5 591

Condensed Cash Flow Statement

	1 Jan.– 31 Mar. 2012 (in € million)	1 Jan.– 31 Mar. 2011 (in € million)	Change (in %)
Cash and cash equivalents as at 1 Jan.	**796**	**1 069**	**– 26**
Cash flow from operating activities	416	– 138	> 100
Cash flow from investing activities	– 6	– 69	– 91
Cash flow from financing activities	– 293	– 200	47
Total cash flow	**117**	**– 407**	**> 100**
Effects of changes in exchange rates and in the basis of consolidation	– 13	– 28	– 54
Cash and cash equivalents as at 31 Mar.	**900**	**634**	**42**

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 31 March 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 consolidated financial statements are to be read in conjunction with information contained in the certified, published consolidated financial statements of NORD/LB as at 31 December 2011.

The interim consolidated financial statements as at 31 March 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.

(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 as part of its comprehensive review of off-balance-sheet transactions. The amendments will allow a better understanding of transfer transactions of assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. Against this background the amendments to IFRS 7 – Disclosures: Transfer of financial assets enhance the disclosure requirements with the description and explanation of transactions that, despite the transfer of assets, are still recognised in the financial statements due to the distribution of risks.

The first-time application of these new rules had no effect on NORD/LB's interim consolidated financial statements as at 31 March 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 third 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 consolidated financial statements on the basis of IAS 8 in the following areas:

As at 31 March 2011 loan processing fees for new loans and restructurings totalling € 13 million were not reported under interest income, but under commission income.

The resulting adjustments for the period of 1 January to 31 March 2011 are summarised as follows:

1 Jan. – 31 Mar. 2011 (in € million)	Prior to adjustment	Adjustment	After adjustment
Interest income	3 002	3	3 005
Commission income	87	– 3	84

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 had an effect on the following items in the income statement for the period of 1 January to 31 March 2011:

1 Jan. – 31 Mar. 2011 (in € million)	Prior to adjustment	Adjustment	After adjustment
Profit / loss from financial instruments at fair value through profit or loss	24	– 3	21
Earnings before taxes	**137**	**– 3**	**134**
Income taxes	50	– 1	49
Consolidated profit	**87**	**– 2**	**85**

As at the balance sheet dates for 2005 – 2010, severance obligations to an atypical silent partner were not calculated correctly. This has resulted in adjustments in the income statement. As the adjusted figures are not significant, they are not reported separately.

In a special fund, the currency translation was not reported correctly with regard to the functional currency.

The effects on the income statement for the period of 1 January to 31 March 2011 are summarised as follows:

1 Jan. – 31 Mar. 2011 (in € million)	Prior to adjustment	Adjustment	After adjustment
Profit / loss from financial instruments at fair value through profit or loss	21	– 9	12
Earnings before taxes*)	**134**	**– 9**	**125**
Income taxes*)	49	–	49
Consolidated profit*)	**85**	**– 9**	**76**

*) Initial value after several adjustments.

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

(4) Basis of consolidation

In addition to NORD/LB as the parent company, the consolidated financial statements include 49 (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 13 (31 December 2011: 13) associated companies are accounted for using the equity method.

Compared to 31 December 2011 the basis of consolidation has not changed.

Subsidiaries, joint ventures and associated companies included in the consolidated financial statements are shown in Note (39) Companies and investment funds included in the basis of consolidation.

Segment Reporting

The segment reporting provides information on the business areas of the Group. The segment reporting below is based on IFRS 8 “Operating segments”, which follows the “management approach”. The segment information is presented on the basis of internal reporting in the same way that it is reported internally on a regular basis for assessing performance and making decisions on the allocation of resources to the segments. In the segment reporting adjustments of figures for the previous year are taken into account (cf. Note (3) Adjustment of figures for the previous year). In addition to this, some of the previous years figures 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 in the Group due to the different product definitions in the Group. The product range offered comprises traditional lending business and syndicate business, savings and giro products, securities, currency and derivative transactions, complex structured financing solutions, private banking products, 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 Management/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, 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 (RWA – Risk-Weighted Assets) and the amount called on). Calculation of the return on equity at Group level complies with the standard international definitions of financial ratios and refers to earnings before taxes (less interest expenses for silent investments in reported equity) on long-term equity under commercial law (issued capital plus capital reserves, retained earnings and non-controlling interests less silent investments in reported equity).

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) and in neighbouring regions, and in particular Agricultural Banking and 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 social housing business 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 portfolio properties are offered.

Group Management / Others

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

Reconciliations

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

(5) Segment reporting by business segment

31 Mar. 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	58	122	40	114	60	83	17	494
Loan loss provisions	1	– 4	2	18	5	10	–	33
Net interest income after loan loss provisions	**57**	**126**	**38**	**96**	**54**	**73**	**17**	**460**
Net commission income	6	17	8	18	3	– 8	– 2	42
Profit/loss from financial instruments at fair value through profit or loss	1	52	–	2	1	– 43	5	17
Profit/loss from hedge accounting	–	–	–	–	–	– 12	–	– 12
Profit/loss from financial assets	–	–	–	–	–	11	– 6	5
Profit/loss from investments accounted for using the equity method	–	–	–	–	–	– 16	–	– 16
Administrative expenses	79	48	13	13	15	106	7	281
Other operating profit/loss	6	1	1	1	–	– 23	– 13	– 27
Earnings before taxes (EBT)	**– 9**	**148**	**34**	**104**	**44**	**– 125**	**– 6**	**189**
Taxes	–	–	–	–	–	–	71	71
Consolidated profit	**– 9**	**148**	**34**	**104**	**44**	**– 125**	**– 77**	**118**
Segment assets	10 996	69 843	15 090	27 876	19 565	86 008	– 4 986	224 392
of which: investments at equity	–	–	–	–	–	379	–	379
Segment liabilities	9 147	67 381	4 983	4 311	13 878	117 817	6 874	224 392
Risk-weighted assets	5 490	15 878	8 419	37 048	17 341	18 377	– 21 290	81 263
Capital employed[*)]	400	1 112	589	2 593	1 214	1 271	– 614	6 564
CIR	110.8 %	25.1 %	25.7 %	9.8 %	23.9 %			56.4 %
RoRaC/RoE[**)]	– 9.2 %	43.2 %	21.2 %	16.0 %	14.2 %			11.5 %

31 Mar. 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	64	132	40	102	61	71	– 83	387
Loan loss provisions	1	– 8	–	16	23	– 43	1	– 11
Net interest income after loan loss provisions	**63**	**141**	**40**	**86**	**38**	**114**	**– 83**	**398**
Net commission income	8	18	9	13	4	– 9	– 2	42
Profit/loss from financial instruments at fair value through profit or loss	–	8	1	5	1	26	– 28	12
Profit/loss from hedge accounting	–	–	–	–	–	12	– 1	12
Profit/loss from financial assets	–	–	–	–	–	– 28	–	– 28
Profit/loss from investments accounted for using the equity method	–	–	–	–	–	5	–	5
Administrative expenses	78	46	12	12	16	118	– 1	282
Other operating profit/loss	12	1	– 3	– 1	–	– 33	– 11	– 34
Earnings before taxes (EBT)	**5**	**121**	**35**	**91**	**27**	**– 30**	**– 124**	**125**
Taxes	–	–	–	–	–	–	49	49
Consolidated profit	**5**	**121**	**35**	**91**	**27**	**– 30**	**– 173**	**76**
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	–	–	–	–	–	401	–	401
Segment liabilities (31 Dec. 2011)	9 071	65 773	4 324	3 573	13 234	124 147	7 508	227 630
Risk-weighted assets	4 909	18 057	8 177	34 545	20 978	14 500	– 17 278	83 888
Capital employed*)	260	905	409	1 727	1 049	708	– 282	4 776
CIR	93.7 %	29.1 %	26.0 %	10.1 %	24.6 %			66.6 %
RoRaC/RoE**)	6.8 %	43.9 %	26.2 %	21.1 %	10.0 %			9.3 %

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

(in € million)	31 Mar. 2012	31 Mar. 2011
Long-term equity under commercial law	6 564	4 776
Revaluation reserve	– 214	– 190
Currency translation reserve	– 2	– 6
Accumulated profits	459	170
Silent participations in reported equity	10	839
Reported equity	**6 818**	**5 591**

**) By business segment RoRaC:
(Earnings before taxes*4) / core capital employed
(5 per cent of the higher value coming from RWA-limit or usage amount)

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

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.– 31 Mar. 2012 (in € million)	1 Jan.– 31 Mar. 2011 (in € million)	Change (in %)
Interest income			
Interest income from lending and money market transactions	1 245	1 256	– 1
Interest income from fixed-income and book entry securities	368	353	4
Interest income from financial instruments at fair value			
Interest income from trading profit/loss and hedge accounting derivatives	1 495	1 339	12
Interest income from fair value option	9	21	– 57
Current income			
from shares and other variable-yield securities	3	2	50
from investments	17	–	–
Interest income from other amortisations	65	32	> 100
Other interest income and similar income	2	2	–
	3 204	**3 005**	**7**
Interest expense			
Interest expense from lending and money market transactions	663	721	– 8
Interest expense from securitised liabilities	441	454	– 3
Interest expense from financial instruments at fair value			
Interest expense from trading profit/loss and hedge accounting derivatives	1 366	1 170	17
Interest expense from fair value option	101	89	13
Interest expense from subordinated capital	75	80	– 6
Interest expense from other amortisations	44	84	– 48
Interest expense from provisions and liabilities	19	18	6
Other interest expenses and similar expenses	1	2	– 50
	2 710	**2 618**	**4**
Total	**494**	**387**	**28**

(7) Loan loss provisions

	1 Jan.– 31 Mar. 2012 (in € million)	1 Jan.– 31 Mar. 2011 (in € million)	Change (in %)
Income from loan loss provisions			
Reversal of specific valuation allowance	122	111	10
Reversal of lumpsum specific loan loss provisions	5	6	– 17
Reversal of general loan loss provisions	38	86	– 56
Reversal of provisions for lending business	23	44	– 48
Additions to receivables written off	5	7	– 29
	193	**254**	**– 24**
Expenses for loan loss provisions			
Allocation to specific valuation allowance	142	140	1
Allocation to lumpsum specific loan loss provisions	2	3	– 33
Allocation to general loan loss provisions	52	34	53
Allocation to provisions for lending business	19	55	– 65
Direct write-offs of bad debts	10	10	–
Premium payments for credit insurance	1	1	–
	226	**243**	**– 7**
Total	**– 33**	**11**	**> 100**

(8) Net commission income

	1 Jan.– 31 Mar. 2012 (in € million)	1 Jan.– 31 Mar. 2011 (in € million)	Change (in %)
Commission income			
Commission income from banking transactions	69	77	– 10
Commission income from non-banking transactions	6	7	– 14
	75	**84**	**– 11**
Commission expense			
Commission expense from banking transactions	21	31	– 32
Commission expense from non-banking transactions	12	11	9
	33	**42**	**– 21**
Total	**42**	**42**	**–**

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

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

	1 Jan.– 31 Mar. 2012 (in € million)	1 Jan.– 31 Mar. 2011 (in € million)	Change (in %)
Trading profit/loss			
Profit/loss from debt securities and other fixed-interest securities	38	– 47	> 100
Profit/loss from shares and other variable-yield securities	4	1	> 100
Profit/loss from derivatives	55	– 86	> 100
Profit/loss from receivables held for trading	13	– 50	> 100
	110	**– 182**	**> 100**
Foreign exchange gains/losses	12	– 16	> 100
Other income	–	1	– 100
	122	**– 197**	**> 100**
Profit/loss from the use of the fair value option			
Profit/loss from loans to banks and customers	2	– 7	> 100
Profit/loss from debt securities and other fixed-interest securities	– 8	– 7	14
Profit/loss from shares and other variable-yield securities	1	–	–
Profit / loss from liabilities to banks and customers	– 1	205	> 100
Profit/loss from securitised liabilities	– 99	17	> 100
Profit/loss from other activities	–	1	– 100
	– 105	**209**	**> 100**
Total	**17**	**12**	**42**

(10) Profit/loss from hedge accounting

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

	1 Jan.– 31 Mar. 2012 (in € million)	1 Jan.– 31 Mar. 2011 (in € million)	Change (in %)
Profit/loss from micro fair value hedges			
from hedged underlying transactions	– 143	55	> 100
from derivatives employed as hedging instruments	118	– 63	> 100
	– 25	**– 8**	**> 100**
Profit/loss from portfolio fair value hedges			
from hedged underlying transactions	– 60	318	> 100
from derivatives employed as hedging instruments	73	– 298	> 100
	13	**20**	**– 35**
Total	**– 12**	**12**	**> 100**

(11) Profit / loss from financial assets

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

	1 Jan.– 31 Mar. 2012 (in € million)	1 Jan.– 31 Mar. 2011 (in € million)	Change (in %)
Profit / loss from financial assets classified as LaR	**– 3**	**6**	**> 100**
Profit / loss from financial assets classified as AfS (excluding investments)			
Profit / loss from the disposal of			
Debt securities and other fixed-interest securities	11	8	38
Shares and other variable-yield securities	1	2	– 50
Other financial assets classified as AfS	– 1	–	–
Profit / loss from allowances for losses on			
Debt securities and other fixed-interest securities	– 1	– 43	98
Shares and other variable-yield securities	– 1	– 1	–
	9	**– 34**	**> 100**
Profit / loss from shares in companies (not consolidated)	**– 1**	**–**	**–**
Total	**5**	**– 28**	**> 100**

(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.– 31 Mar. 2012 (in € million)	1 Jan.– 31 Mar. 2011 (in € million)	Change (in %)
Staff expenses	150	136	10
Other administrative expenses	108	128	– 16
Amortisation and depriation	23	18	28
Total	**281**	**282**	**–**

(13) Other operating profit/loss

	1 Jan.– 31 Mar. 2012 (in € million)	1 Jan.– 31 Mar. 2011 (in € million)	Change (in %)
Other operating income			
from the reversal of provisions	257	257	–
from insurance contracts	200	202	– 1
from other business	55	43	28
	512	**502**	**2**
Other operating expenses			
from allocation to provisions	418	412	1
from insurance contracts	85	91	– 7
from other business	36	33	9
	539	**536**	**1**
Total	**– 27**	**– 34**	**– 21**

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 (€ 42 million) provided for the bank levy set by the Restructuring Fund Act.

Other operating income from insurance contracts is primarily the result of premium income (€ 170 million (€ 172 million)) and income from re-insurance contracts (€ 8 million (€ 7 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 (€ 11 million (€ 0 million)), reimbursements of costs (€ 3 million (€ 2 million)), rental income from investment property (€ 2 million (€ 2 million)), income from the redemption of the bank's own issues (€ 1 million (€ 2 million)) and income from IT services (€ 1 million (€ 1 million)).

Other operating expenses from insurance contracts mainly comprise indemnity expenses (€ 67 million (€ 74 million)) and expenses from deferred reinsurance contracts (€ 12 million (€ 12 million)).

Expenses from other business essentially comprise expenses from the disposal of receivables (€ 20 million (€ 5 million)), expenses from the redemption of debt securities (€ 4 million (€ 8 million)), expenses to generate charter income from ships (€ 3 million (€ 5 million)) and expenses from investment property (€ 1 million (€ 1 million)).

(14) 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

(15) Loans and advances to banks

	31 Mar. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Loans and advances resulting from money market transactions			
German banks	4 668	4 449	5
Foreign banks	2 124	2 187	– 3
	6 792	**6 636**	**2**
Other loans and advances			
German banks			
Due on demand	1 399	1 074	30
With a fixed term or period of notice	20 364	20 429	–
Foreign banks			
Due on demand	356	223	60
With a fixed term or period of notice	3 927	4 566	– 14
	26 046	**26 292**	**– 1**
Total	**32 838**	**32 928**	**–**

(16) Loans and advances to customers

	31 Mar. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Loans and advances resulting from money market transactions			
Domestic customers	2 971	3 901	– 24
Customers abroad	88	30	> 100
	3 059	**3 931**	**– 22**
Other loans and advances			
Domestic customers			
Due on demand	2 411	2 493	– 3
With a fixed term or period of notice	78 719	79 432	– 1
Customers abroad			
Due on demand	384	334	15
With a fixed term or period of notice	29 499	30 214	– 2
	111 013	**112 473**	**– 1**
Total	**114 072**	**116 404**	**– 2**

(17) Loan loss provisions

	31 Mar. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Specific valuation allowance	1 094	1 177	– 7
Lumpsum specific loan loss provisions	25	28	– 11
General loan loss provisions	594	580	2
Total	**1 713**	**1 785**	**– 4**

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	142	140	2	3	52	34	19	55	215	232
Reversals	122	111	5	6	38	86	23	44	188	247
Utilisation	78	77	–	–	–	–	–	1	78	78
Unwinding	16	16	–	–	–	–	–	1	16	17
Effects from currency translation and other changes	– 9	– 16	–	–	–	– 2	– 1	– 2	– 10	– 20
31 Mar.	**1 094**	**1 232**	**25**	**33**	**594**	**617**	**108**	**179**	**1 821**	**2 061**

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

	31 Mar. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Trading assets			
Debt securities and other fixed-interest securities	2 791	2 873	– 3
Shares and other variable-yield securities	30	39	– 23
Positive fair values from derivatives	11 030	11 650	– 5
Trading portfolio claims	1 259	2 244	– 44
Other trading assets	– 1	– 1	–
	15 109	**16 805**	**– 10**
Financial assets as at fair value through profit or loss			
Loans and advances to banks and customers	259	257	1
Debt securities and other fixed-interest securities	1 354	1 572	– 14
Shares and other variable-yield securities	11	10	10
	1 624	**1 839**	**– 12**
Total	**16 733**	**18 644**	**– 10**

(19) Financial assets

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

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

	31 Mar. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Financial assets classified as LaR	**4 593**	**4 829**	**– 5**
Financial assets classified as AfS			
Debt securities and other fixed-interest securities	49 330	48 814	1
Shares and other variable-yield securities	389	372	5
Shares in companies	440	482	– 9
Other financial assets classified as AfS	2	2	–
	50 161	**49 670**	**1**
Total	**54 754**	**54 499**	**–**

(20) Investments accounted for using the equity method

	31 Mar. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Joint Ventures	24	26	– 8
Associated companies	355	361	– 2
Total	**379**	**387**	**– 2**

(21) Property and equipment

	31 Mar. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Land and buildings	355	345	3
Operating and office equipment	79	82	– 4
Ships	252	258	– 2
Other property and equipment	5	3	67
Total	**691**	**688**	**–**

(22) Intangible assets

	31 Mar. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Software			
Purchased	15	15	–
Internally generated	107	118	– 9
	122	**133**	**– 8**
Intangible assets under development	11	8	38
Other intangible assets	12	12	–
Total	**145**	**153**	**– 5**

(23) Assets held for sale

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

(24) Other assets

Included in the balance sheet item other assets are assets relating to insurance contracts in the amount of € 141 million (€ 144 million). These concern solely assets from outwards reinsurance.

(25) Liabilities to banks

	31 Mar. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Deposits from other banks			
German banks	2 818	2 754	2
Foreign banks	25	37	– 32
	2 843	**2 791**	**2**
Liabilities resulting from money market transactions			
German banks	11 513	14 375	– 20
Foreign banks	8 810	8 176	8
	20 323	**22 551**	**– 10**
Other liabilities			
German banks			
Due on demand	1 887	1 688	12
With a fixed term or period of notice	23 636	24 081	– 2
Foreign banks			
Due on demand	290	102	> 100
With a fixed term or period of notice	5 431	5 371	1
	31 244	**31 242**	**–**
Total	**54 410**	**56 584**	**– 4**

(26) Liabilities to customers

	31 Mar. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Savings deposits			
With an agreed notice period of three months			
Domestic customers	883	886	–
Customers abroad	21	20	5
With an agreed notice period of more than three months			
Domestic customers	552	561	– 2
Customers abroad	3	4	– 25
	1 459	**1 471**	**– 1**
Liabilities resulting from money market transactions			
Domestic customers	16 654	14 991	11
Customers abroad	3 411	2 881	18
	20 065	**17 872**	**12**
Other liabilities			
Domestic customers			
Due on demand	9 033	8 865	2
With a fixed term or period of notice	32 968	33 354	– 1
Customers abroad			
Due on demand	577	570	1
With a fixed term or period of notice	1 156	1 190	– 3
	43 734	**43 979**	**– 1**
Total	**65 258**	**63 322**	**3**

(27) Securitised liabilities

	31 Mar. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Issued debt securities			
Mortgage bonds	7 912	8 486	– 7
Municipal debentures	14 602	17 581	– 17
Other debt securities	37 375	36 127	3
	59 889	**62 194**	**– 4**
Money market instruments			
Commercial papers	2 319	3 246	– 29
Certificates of deposit	756	453	67
Other money market instruments	484	183	> 100
	3 559	**3 882**	**– 8**
Total	**63 448**	**66 076**	**– 4**

Repurchased debt securities issued by the bank itself have been directly deducted from securitised liabilities in the amount of € 7 821 million (€ 8 136 million).

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

	31 Mar. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Trading liabilities			
Negative fair values from derivatives	10 613	11 963	–11
Delivery obligations from short-sales	127	179	–29
Other trading liabilities	1	–	–
	10 740	**12 142**	**–12**
Financial liabilities designated at fair value			
Liabilities to banks and customers	5 040	5 055	–
Securitised liabilities	3 304	3 306	–
Subordinated capital	27	26	4
	8 371	**8 387**	**–**
Total	**19 111**	**20 529**	**–7**

(29) Provisions

	31 Mar. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Provisions for pensions and other obligations	1 567	1 437	9
Other provisions	2 103	1 977	6
Total	**3 670**	**3 414**	**7**

Other provisions include provisions from insurance contracts in the amount of € 1 787 million (€ 1 699 million).

(30) Other liabilities

The balance sheet item other liabilities includes liabilities from insurance contracts in the amount of € 41 million (€ 47 million). These contain liabilities from direct insurance and reinsurance contracts in the amount of € 4 million (€ 10 million).

(31) Subordinated capital

	31 Mar. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Subordinated liabilities	3 410	3 539	– 4
Participatory capital	225	236	– 5
Silent participations	2 142	2 311	– 7
Total	**5 777**	**6 086**	**– 5**

Other disclosures

(32) Fair value hierarchy

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

(in € million)	Level 1		Level 2		Level 3		Total	
	31 Mar. 2012	31 Dec. 2011	31 Mar. 2012	31 Dec. 2011	31 Mar. 2012	31 Dec. 2011	31 Mar. 2012	31 Dec. 2011
Assets held for trading	3 991	5 077	11 111	11 669	7	59	**15 109**	**16 805**
Designated financial assets reported at fair value	754	890	426	483	444	466	**1 624**	**1 839**
Positive fair values from hedge accounting derivatives	–	–	3 309	3 289	–	–	**3 309**	**3 289**
Financial assets at fair value	44 740	42 457	3 342	3 717	1 987	3 403	**50 069**	**49 577**
Assets	**49 485**	**48 424**	**18 188**	**19 158**	**2 438**	**3 928**	**70 111**	**71 510**
Liabilities held for trading	105	181	10 546	11 856	89	105	**10 740**	**12 142**
Designated financial liabilities reported at fair value	2 544	2 439	5 827	5 948	–	–	**8 371**	**8 387**
Negative fair values from hedge accounting derivatives	–	–	3 220	3 422	–	–	**3 220**	**3 422**
Liabilities	**2 649**	**2 620**	**19 593**	**21 226**	**89**	**105**	**22 331**	**23 951**

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

1 Jan.–31 Mar. 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	–	–	–	8	48	1
Designated financial assets reported at fair value	–	9	9	–	–	–
Financial assets at fair value	50	9	747	–	1 173	78
Liabilities held for trading	–	–	–	54	–	15
Designated financial liabilities reported at fair value	–	–	129	–	– 7	–

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 indicates a drawback in the model as most of the transfers have been towards Level 1. This trend is also shown by the fall in the number of transfers to Level 3. The movements between the levels reflect the revival of the market.

(33) Derivative financial instruments

(in € million)	Nominal values 31 Mar. 2012	Nominal values 31 Dec. 2011	Fair values positive 31 Mar. 2012	Fair values positive 31 Dec. 2011	Fair values negative 31 Mar. 2012	Fair values negative 31 Dec. 2011
Interest rate risks	314 359	312 416	12 781	13 226	12 072	12 771
Currency risk	67 867	71 354	1 453	1 606	1 295	1 991
Share price and other price risks	1 110	1 053	74	54	56	73
Credit risk	8 022	9 163	31	53	410	550
Total	**391 358**	**393 986**	**14 339**	**14 939**	**13 833**	**15 385**

(34) Disclosures relating to selected countries

The table below shows the reported values of transactions with selected countries. The transactions shown include transactions with states, 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)	31 Mar. 2012	31 Dec. 2011	31 Mar. 2012	31 Dec. 2011	31 Mar. 2012	31 Dec. 2011	31 Mar. 2012	31 Dec. 2011
Greece								
Country	– 47	– 56	–	–	7	36	–	–
Financing institutions / insurance companies	–	–	–	–	32	17	25	25
Companies / other	3	4	–	–	–	–	319	324
	– 44	**– 52**	**–**	**–**	**39**	**53**	**344**	**349**
Ireland								
Country	– 45	– 56	92	94	57	55	–	–
Financing institutions / insurance companies	– 7	1	12	11	421	484	598	701
Companies / other	16	– 13	4	5	10	1	1 617	1 564
	– 35	**– 67**	**108**	**110**	**489**	**539**	**2 215**	**2 265**
Italy								
Country	– 8	– 13	275	287	1 382	1 343	19	20
Financing institutions / insurance companies	– 47	– 66	–	–	1 517	1 628	162	173
Companies / other	2	14	–	–	66	67	61	55
	– 54	**– 65**	**275**	**287**	**2 964**	**3 038**	**242**	**248**
Portugal								
Country	– 74	– 75	–	–	151	142	15	15
Financing institutions / insurance companies	– 19	– 30	–	–	182	144	32	20
Companies / other	–	–	–	–	16	13	100	103
	– 93	**– 105**	**–**	**–**	**349**	**299**	**146**	**138**
Spain								
Country	– 1	– 1	–	–	443	438	83	83
Financing institutions / insurance companies	7	3	–	–	1 908	2 250	168	193
Companies / other	6	80	–	–	33	34	514	452
	13	**82**	**–**	**–**	**2 383**	**2 722**	**766**	**729**
Total	**– 213**	**– 206**	**383**	**397**	**6 224**	**6 651**	**3 714**	**3 729**

The nominal value of credit derivatives relating to the selected countries in the NORD/LB Group's portfolio is € 1 796 million (1 883 million). Of this, states account for € 558 million (€ 601 million), financing institutes/insurance companies for € 1 158 million (€ 1 198 million) and companies/others for € 80 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 € – 277 million (€ – 356 million).

After the exchange offer for Greek government bonds was announced by the Greek government, the International Swaps und 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 € 57 million will be settled by securities, the remaining share in the nominal amount of € 35 million has already been settled in cash. The resulting effect on the profit/loss from trading is € – 13.5 million.

For financial instruments categorised as available for sale with acquisition costs totalling € 6 613 million (€ 7 326 million), the cumulative valuation of the selected countries reported in equity totals € 424 million (€ 1131 million). In addition to this, a write-off of € 0 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 foregoes 53.5 per cent of the nominal amount and receives for each old bond a total of 24 new bonds with differentiated structures. The disposal of the previously held bonds had an impact of € – 2 million on the profit/loss from financial assets in the first quarter of 2012. 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 31 March 2012 with a fair value of € 20 million.

For receivables categorised as loans and receivables to the selected countries, specific valuation allowances totalling € – 30 million (€ – 31 million) and general loan loss provisions totalling € – 23 million (€ – 12 million) were made. The fair value of the receivables categorised as loans and receivables is € 1 405 million (€ 1 474 million).

(35) Regulatory data

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

(in € million)	31 Mar. 2012	31 Dec. 2011
Risk-weighted assets	**81 263**	**84 800**
Capital requirements for credit risks	5 869	6 108
Capital requirements for market risks	245	339
Capital requirements for operational risks	387	337
Capital requirements according to the SolvV	**6 501**	**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)	31 Mar. 2012	31 Dec. 2011
Paid-in capital	1 555	1 500
Further capital in accordance with § 10 2 a Nr. 8 KWG	–	–
Other reserves	4 345	3 998
Special item for general banking risks in accordance with § 340g of the German Commercial Code	1 400	1 425
Other capital in accordance with § 10 2a Nr. 10 KWG	1 885	2 003
Other components	– 71	– 88
Core capital	9 114	8 838
Deductions from core capital	– 821	– 833
Core capital for solvency reasons	**8 293**	**8 005**
Non-current subordinated liabilities	3 152	3 309
Participatory capital liabilities	193	218
Other components	34	29
Supplementary capital	3 379	3 556
Deductions from supplementary capital	– 821	– 834
Supplementary capital for solvency reasons	**2 558**	**2 722**
Modified available equity	**10 851**	**10 727**
Eligible capital in accordance with § 10 of the German Banking Act	**10 851**	**10 727**

(in %)	31 Mar. 2012	31 Dec. 2011
Overall ratio according to § 2 Paragraph 6 of the German Solvency Regulation (SolvV)	13.35	12.65
Core capital ratio	10.21	9.44

(36) Contingent liabilities and other obligations

	31 Mar. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Contingent liabilities			
Liabilities from guarantees and other indemnity agreements	6 426	6 998	– 8
	6 426	**6 998**	**– 8**
Other obligations			
Irrevocable credit commitments	9 337	9 456	– 1
Total	**15 763**	**16 454**	**– 4**

(37) Related parties

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

31 Mar. 2012 (in € 000)	Share-holders	Subsi-diaries	Joint ventures	Affiliated companies	Persons in key positions	Other related parties
Outstanding loans and advances						
to banks	–	–	–	938 181	–	209 840
to customers	2 960 694	57 076	14 422	297 701	2 605	393 090
Other unsettled assets	2 788 592	102	–	92 461	–	25 512
Total assets	**5 749 286**	**57 178**	**14 422**	**1 328 343**	**2 605**	**628 442**
Unsettled liabilities						
to banks	–	–	–	627 829	–	163 489
to customers	1 660 535	37 101	47 947	101 675	2 260	214 679
Other unsettled liabilities	48 592	1 321 759	–	228	13	144 488
Total liabilities	**1 709 127**	**1 358 860**	**47 947**	**729 732**	**2 273**	**522 656**
Guarantees/ sureties received	4 220 347	27	–	5 000	–	20
Guarantees/ sureties granted	5 325 050	450	1 056	4 865	–	1 042

1 Jan.–31 Mar. 2012 (in € 000)	Share-holders	Subsi-diaries	Joint ventures	Affiliated companies	Persons in key positions	Other related parties
Interest expense	10 402	25 426	47	7 358	8	3 261
Interest income	44 082	327	123	15 952	28	5 881
Commission expense	6 007	–	–	–	–	198
Commission income	5	3	9	97	–	8
Other income and expenses	14 527	9	–	– 10 229	– 23	669
Total contributions to income	**42 205**	**– 25 087**	**85**	**– 1 538**	**– 3**	**3 099**

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.–31 Mar. 2011 (in € 000)	Share-holders	Subsi-diaries	Joint ventures	Affiliated companies	Persons in key positions	Other related parties
Interest expense	32 202	24 204	161	5 920	19	3 256
Interest income	37 383	1 257	454	12 502	22	5 642
Commission expense	5 953	–	–	–	–	224
Commission income	20	2	8	70	–	6
Other income and expenses	25 016	11	1	– 2 703	– 13	5 439
Total contributions to income	**24 264**	**– 22 934**	**302**	**3 949**	**– 10**	**7 607**

As at the balance sheet date there are impairments for loans and advances to associated companies in the amount of € 2 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 € 3 550 million (€ 3 550 million) are reported; these relate to an issue programme (G-MTN) guaranteed by the states of Lower Saxony and Saxony-Anhalt which serves for the refinancing of the NORD/LB Group. In the item guarantees/ sureties granted to shareholders, guarantees in the amount of € 5 325 million (€ 5 325 million) are reported; these relate to a security pool of loans and advances with which the aforementioned guarantees received from the states of Lower Saxony and Saxony-Anhalt are secured. The maximum term of the guarantees is five years.

(38) 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

Martin Kind
Managing Director
KIND Hörgeräte GmbH & Co. KG

Walter Kleine
Chairman of the Managing Board
Sparkasse Hannover

Manfred Köhler
Salzlandsparkasse
(until 31 January 2012)

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

Heinrich v. Nathusius
Managing Director
IFA Gruppe

August Nöltker
Union Secretary
ver.di Vereinte Dienstleistungsgewerkschaft

Freddy Pedersen
ver.di Vereinte Dienstleistungsgewerkschaft

Ilse Thonagel
Bank employee
Landesförderinstitut
Mecklenburg-Western Pomerania

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

(39) Basis of consolidation

Company name and registered office	Shares (%) direct	Shares (%) indirect
Subsidiaries included in the consolidated financial statements		
Beteiligungs-Kommanditgesellschaft MS „Buxmelody“ Verwaltungs- und Bereedungs GmbH & Co., Buxtehude	–	–
BLB Immobilien GmbH, Bremen	100.00	–
BLB Leasing GmbH, Oldenburg	100.00	–
Braunschweig-Informationstechnologie-GmbH, Braunschweig	100.00	–
Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen	–	92.50
Bremische Grundstücks-GmbH, Bremen	100.00	–
DEMURO Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Pullach im Isartal	–	–
Deutsche Hypothekenbank (Actien-Gesellschaft), Berlin – Hanover	–	100.00
GEBAG Ocean Shipping II GmbH & Co. KG, Hamburg	–	–
GEBAG Ocean Shipping III GmbH & Co. KG, Hamburg	–	–
Hannover Funding Company LLC, Dover (Delaware) / USA	–	–
KMU Shipping Invest GmbH, Hamburg	–	–
KreditServices Nord GmbH, Hanover	–	100.00
MALIBO GmbH & Co. Unternehmensbeteiligungs KG, Pullach im Isartal	–	77.81
MT „BALTIC 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	–	–
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 Immobilien-Holding GmbH & Co. Objekt Magdeburg KG, Pullach im Isartal	–	–
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
„OLIVIA“ Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
„OLYMPIA“ Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–

Company name and registered office	Shares (%) direct	Shares (%) indirect
„PANDORA“ Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
„PRIMAVERA“ Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
„QUADRIGA“ Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
Skandifinanz AG, Zurich/Switzerland	100.00	–
Investment funds included in the consolidated financial statements		
NORD/LB AM 9	100.00	–
NORD/LB AM 52	–	100.00
NORD/LB AM 56	–	100.00
NORD/LB AM 65	–	100.00
NORD/LB AM High Yield	–	93.15
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	–	40.00
NORD KB Beteiligungsgesellschaft mit beschränkter Haftung, Hanover	–	28.66
SALEG Sachsen-Anhaltinische Landesentwicklungsgesellschaft mbH, Magdeburg	–	56.61
Toto-Lotto Niedersachsen GmbH, Hanover	–	49.85
Investmentfonds		
Lazard-Sparkassen Rendite-Plus-Fonds	49.18	–
NORD/LB AM Emerging Markets Bonds	–	30.71
NORD/LB AM Global Challenges Index-Fonds	–	27.59

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Income Statement

	Notes	1 Jan. – 31 Dec. 2011 (in € million)	1 Jan. – 31 Dec. 2010 *) (in € million)	Change (in %)
Interest income		12 994	12 520	4
Interest expense		11 231	10 858	3
Net interest income	21	**1 763**	**1 662**	**6**
Loan loss provisions	22	– 205	– 642	– 68
Commission income		302	338	– 11
Commission expense		136	141	– 4
Net commission income	23	**166**	**197**	**– 16**
Trading profit/loss		287	130	> 100
Profit/loss from the use of the fair value option		– 348	– 168	> 100
Profit/loss from financial instruments at fair value through profit or loss	24	**– 61**	– 38	**– 61**
Profit/loss from hedge accounting	25	130	153	– 15
Profit/loss from financial assets	26	– 41	82	> 100
Profit/loss from investments accounted for using the equity method	27	–	– 73	100
Administrative expenses	28	1 091	1 070	2
Other operating profit/loss	29	69	48	44
Earnings before taxes		**730**	**319**	**> 100**
Income taxes	30	194	5	> 100
Consolidated profit		**536**	**314**	**71**
of which: attributable to the owners of NORD/LB		517	296	
of which: attributable to non-controlling interests		19	18	

*) some previous year's figures were adjusted as you can see at note (2) adjustment of figures for the previous year.

Statement of Comprehensive Income

The statement of comprehensive income for the financial year 2011 (2010) comprises the income statement and the income and expense recognised directly in equity:

	1 Jan. – 31 Dec. 2011 (in € million)	1 Jan. – 31 Dec. 2010*) (in € million)	Change (in %)
Consolidated profit	**536**	**314**	**71**
Increase/decrease from available for sale (AfS) financial instruments			
Unrealised profit/losses	– 940	42	> 100
Transfer due to realisation profit/loss	– 6	35	> 100
Changes in value investments accounted for using the equity method recognised directly in equity	16	– 18	> 100
Translation differences of foreign business units			
Unrealised profit/losses	13	13	–
Actuarial gains and losses for pensions for defined benefit obligations	– 41	– 15	> 100
Deferred taxes	338	– 22	> 100
Other profit/loss	**– 620**	**35**	**> 100**
Comprehensive income for the period under review	**– 84**	**349**	**> 100**
of which: attributable to the owners of NORD/LB	– 98	321	
of which: attributable to non-controlling interests	14	28	

*) some previous year's figures were adjusted as you can see at note (2) adjustment of figures for the previous year.

For the breakdown of deferred taxes into their individual components the notes to the statement of comprehensive income are referred to.

Balance Sheet

Assets	Notes	31 Dec. 2011 (in € million)	31 Dec. 2010*) (in € million)	Change (in %)
Cash reserve	31	796	1 069	– 26
Loans and advances to banks	32	32 928	36 734	– 10
Loans and advances to customers	33	116 404	113 605	2
Loan loss provisions	34	– 1 785	– 2 018	– 12
Financial assets at fair value through profit or loss	35	18 644	15 103	23
Positive fair values from hedge accounting derivatives	36	3 289	2 938	12
Financial assets	37	54 499	58 666	– 7
Investments accounted for using the equity method	38	387	402	– 4
Property and equipment	39	688	702	– 2
Investment property	40	93	96	– 3
Intangible assets	41	153	161	– 5
Assets held for sale	42	1	1	–
Current income tax assets	43	60	70	– 14
Deferred income taxes	43	721	484	49
Other assets	44	752	511	47
Total assets		**227 630**	**228 524**	**–**

*) some previous year's figures were adjusted as you can see at note (2) adjustment of figures for the previous year.

Liabilities	Notes	31 Dec. 2011 (in € million)	31 Dec. 2010*) (in € million)	Change (in %)
Liabilities to banks	45	56 584	60 962	– 7
Liabilities to customers	46	63 322	60 742	4
Securitised liabilities	47	66 076	71 061	– 7
Adjustment item for financial instruments hedged in the fair value hedge portfolio	48	733	390	88
Financial liabilities at fair value through profit or loss	49	20 529	16 596	24
Negative fair values from hedge accounting derivatives	50	3 422	2 269	51
Provisions	51	3 414	3 357	2
Current income tax liabilities	52	161	182	– 12
Deferred income liabilities	52	4	6	– 33
Other liabilities	53	756	568	33
Subordinated capital	54	6 086	6 590	– 8
Equity				
Issued capital		1 494	1 085	38
Capital reserves		3 175	2 597	22
Retained earnings		2 480	2 090	19
Revaluation reserve		– 546	63	> 100
Currency translation reserve		– 3	– 8	63
Equity capital attributable to the owners of NORD/LB		**6 600**	**5 827**	**13**
Equity capital attributable to non-controlling interests		– 57	– 26	> 100
		6 543	**5 801**	**13**
Total liabilities and equity		**227 630**	**228 524**	**–**

*) some previous year's figures were adjusted as you can see at note (2) adjustment of figures for the previous year.

Statement of Changes in Equity

The individual components of equity and their development in 2010 and 2011 are shown in the following statement of changes in equity:

(in € million)	Issued capital	Capital reserves	Retained earnings	Revaluation reserve	Currency translation reserve	Equity attributable to the owners of NORD/LB	Equity attributable to noncontrolling interests	Consolidated equity
Equity as at 1 January 2010	**1 085**	**2 597**	**2 037**	**24**	**– 49**	**5 694**	**104**	**5 798**
Adjustments according to IAS 8	–	–	– 161	– 3	29	– 135	– 32	– 167
Adjusted equity as at 1 January 2010	**1 085**	**2 597**	**1 876**	**21**	**– 20**	**5 559**	**72**	**5 631**
Consolidated profit	–	–	296	–	–	296	18	314
Increase /decrease from available for sale (AfS) financial instruments	–	–	–	67	–	67	10	77
Changes in value investments accounted for using the equity method recognised directly in equity	–	–	– 18	–	–	– 18	–	– 18
Translation differences of foreign business units	–	–	–	–	12	12	1	13
Actuarial gains and losses for pensions for defined benefit obligations	–	–	– 16	–	–	– 16	1	– 15
Deferred taxes	–	–	5	– 25	–	– 20	– 2	– 22
Comprehensive income for the period under preview	**–**	**–**	**267**	**42**	**12**	**321**	**28**	**349**
Distribution	–	–	– 47	–	–	– 47	– 4	– 51
Capital increases / decreases	–	–	–	–	–	–	32	32
Changes in the basis of consolidation	–	–	10	–	–	10	– 80	– 70
Consolidation effects and other changes in capital	–	–	– 16	–	–	– 16	– 74	– 90
Equity as at 31 December 2010	**1 085**	**2 597**	**2 090**	**63**	**– 8**	**5 827**	**– 26**	**5 801**

(in € million)	Issued capital	Capital reserves	Retained earnings	Revaluation reserve	Currency translation reserve	Equity attributable to the owners of NORD/LB	Equity attributable to noncontrolling interests	Consolidated equity
Equity as at 1 January 2011	**1 085**	**2 597**	**2 090**	**63**	**– 8**	**5 827**	**– 26**	**5 801**
Consolidated profit	–	–	517	–	–	517	19	536
Increase/decrease from available for sale (AfS) financial instruments	–	–	–	– 933	–	– 933	– 13	– 946
Changes in value investments accounted for using the equity method recognised directly in equity	–	–	16	–	–	16	–	16
Translation differences of foreign business units	–	–	–	–	5	5	8	13
Actuarial gains and losses for pensions for defined benefit obligations	–	–	– 39	–	–	– 39	– 2	– 41
Deferred taxes	–	–	12	324	–	336	2	338
Comprehensive income for the period under preview	**–**	**–**	**506**	**– 609**	**5**	**– 98**	**14**	**– 84**
Distribution	–	–	– 127	–	–	– 127	– 3	– 130
Capital increases/decreases	409	578	–	–	–	987	– 5	982
Changes in the basis of consolidation	–	–	11	–	–	11	– 21	– 10
Consolidation effects and other changes in capital	–	–	–	–	–	–	– 16	– 16
Equity as at 31 December 2011	**1 494**	**3 175**	**2 480**	**– 546**	**– 3**	**6 600**	**– 57**	**6 543**

For a more detailed account, the notes to the statement of changes in equity are referred to.

Cash Flow Statement

	1 Jan. – 31 Dec. 2011 (in € million)	1 Jan. – 31 Dec. 2010 (in € million)	Change (in %)
Consolidated profit	**536**	**314**	**71**
Adjustment for non-cash items			
Depreciation, impairment and write-ups of property and equipment and financial assets	524	1 196	– 56
Increase / decrease in provisions	97	143	– 32
Gains / losses from the disposal of property and equipment and financial assets	– 39	– 104	– 63
Increase / decrease in other non-cash items	77	452	– 83
Other adjustments net	– 1 571	– 1 554	1
Sub-total	**– 376**	**447**	**> 100**
Increase / decrease in assets and liabilities from operating activities after adjustment for non-cash item			
Loans and advances to banks and customers	1 204	2 879	– 58
Trading assets	– 3 784	– 462	> 100
Other assets from operating activities	2 225	5 315	– 58
Liabilities to banks and customers	– 1 813	– 1 503	21
Securitised liabilities	– 5 119	– 8 279	– 38
Other liabilities from operating activities	5 766	– 783	> 100
Interest and dividends received	8 590	8 628	–
Interest paid	– 6 761	– 7 089	– 5
Income taxes paid	– 42	– 33	27
Cash flow from operating activities	**– 110**	**– 880**	**– 88**

	1 Jan. – 31 Dec. 2011 (in € million)	1 Jan. – 31 Dec. 2010 (in € million)	Change (in %)
Cash receipts from the disposal of			
financial assets	496	259	92
property and equipment	2	1	100
Cash payments for acquisition of			
financial assets	– 57	– 68	– 16
property and equipment	– 271	– 118	> 100
Cash receipts from the disposal of consolidated companies and other business units	1	167	– 99
Cash flow from investing activities	**171**	**241**	**– 29**
Cash receipts from equity contributions	653	8	> 100
Cash payments to owners and non-controlling interests	– 5	–	–
Increase / decrease in funds from other capital	– 526	214	> 100
Interest expense on subordinated capital	– 331	– 326	2
Dividends paid	– 130	– 51	> 100
Cash flow from financing activities	**– 339**	**– 155**	**> 100**
Cash and cash equivalents as at 1 January	**1 069**	**1 844**	**– 42**
Cash flow from operating activities	– 110	– 880	88
Cash flow from investing activities	171	241	– 29
Cash flow from financing activities	– 339	– 155	> 100
Total cash flow	**– 278**	**– 794**	**65**
Effects of changes in exchange rates and in the basis of consolidation	5	19	– 74
Cash and cash equivalents as at 31 December	**796**	**1 069**	**– 26**

Notes to the Consolidated Financial Statements

General disclosures

(1) Principles for the preparation of the consolidated financial statements

The consolidated financial statements of Norddeutsche Landesbank Girozentrale, Hanover, Braunschweig, Magdeburg (NORD/LB) as at 31 December 2011 were prepared on the basis of Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002 (IAS Regulation) in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). Standards published at the end of the financial year and adopted by the European Union were relevant. National regulations contained in the German Commercial Code (HGB) under § 315a of the HGB were also observed. NORD/LB as a group in terms of commercial law is referred to in the following as the NORD/LB Group.

The consolidated financial statements as at 31 December 2011 comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements. The segment reporting is shown in the notes (note (19) Segment reporting by business segment and note (20) Segment reporting by geographical segment). The reporting on the nature and scope of risks relating to financial instruments in accordance with IFRS 7 is provided mainly in a risk report within the Group Management Report.

Assets are always measured at amortised cost, apart from the financial instruments in accordance with IAS 39, which are measured at fair value. In the accounting it was assumed that the company was a going concern. Income and expenses are recognised pro rata temporis. They are recognised and reported in the period to which they relate. The significant accounting policies are described below.

Estimations and assessments required by management in accordance with IFRS are made in compliance with the respective standard and are reviewed regularly. They are based on experience and other factors, including expectations as to future events which appear reasonable under prevailing circumstances. Estimations and assessments are made relating in particular to the calculation of the fair value of financial assets and liabilities of Level 2 and Level 3 including the estimation of the existence of an active or inactive market, the valuation of pension provisions in terms of determining the underlying parameters, the assessment of risk provisions with regard to future cash flows the calculation of deferred tax assets relating to the recoverability of tax losses not yet utilised. If significant estimations were required, the assumptions made are presented. Estimations and assessments and the underlying assessment factors and methods of estimation are reviewed regularly and compared with actual events. Provided that an amendment only refers to a single period, amendments to estimations are only taken into account for this period. If an amendment refers to the current and following reporting periods it is duly observed in this period and in the following periods.

The reporting currency for the 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 consolidated financial statements were signed by the Managing Board on 13 March 2012 and approved for submission to the Supervisory Board.

(2) Adjustment of figures for the previous year

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

As at 31 December 2010 loan processing fees for new loans and restructurings totalling € 13 million were not reported under interest income, but under commission income.

The resulting adjustments for the period of 1 January to 31 December 2010 are summarised as follows:

1 Jan. – 31 Dec. 2010 (in € million)	Prior to adjustment	Adjustment	After Adjustment
Interest income	12 508	13	12 521
Commission income	351	– 13	338

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 following items were corrected in the balance sheet as at 31 December 2010:

31 Dec. 2010 (in € million)	Prior to adjustment	Adjustment	After Adjustment
Assets			
Deferred income taxes	480	4	484
Liabilities			
Financial liabilities at fair value through profit or loss	16 587	9	16 596
Deferred tax liabilities	5	1	6
Retained earnings	2 173	– 6	2 167

The adjustment had an effect on the following items in the income statement for the period of 1 January to 31 December 2010:

1 Jan. – 31 Dec. 2010 (in € million)	Prior to adjustment	Adjustment	After Adjustment
Profit / loss from financial instruments at fair value through profit or loss	– 52	3	– 49
Earnings before taxes	**236**	**3**	**239**
Income taxes	–	1	1
Consolidated profit	**236**	**2**	**238**

As at the balance sheet dates for 2005 – 2010, severance obligations to an atypical silent partner were not calculated correctly.

The respective adjustments in the balance sheet and the income statement as at 31 December 2010 are summarised in the tables below:

31 Dec. 2010 (in € million)	Prior to adjustment	Adjustment	After Adjustment
Assets			
Other assets	577	– 66	511
Liabilities			
Subordinated capital	6 573	17	6 590
Retained earnings*)	2 167	– 51	2 116
Equity capital attributable to non-controlling interests	6	– 32	– 26

1 Jan. – 31 Dec. 2010 (in € million)	Prior to adjustment	Adjustment	After Adjustment
Interest income	12 521	– 1	12 520
Earnings before taxes*)	**239**	**– 1**	**238**
Income taxes*)	1	–	1
Consolidated profit*)	**238**	**– 1**	**237**

*) Terminal value after further adjustments.

In a special fund, the currency translation was not reported correctly with regard to the functional currency.

The effects on the balance sheet as at 31 December 2010 and the income statement for the period of 1 January to 31 December 2010 are summarised as follows:

31 Dec. 2010 (in € million)	Prior to adjustment	Adjustment	After Adjustment
Liabilities			
Retained earnings*)	2 116	– 26	2 090
Currency translation reserve	– 37	29	– 8
Revaluation reserve	66	– 3	63

1 Jan. – 31 Dec. 2010 (in € million)	Prior to adjustment	Adjustment	After Adjustment
Trading profit / loss	119	11	130
Foreign exchange gains	52	11	63
Earnings before taxes*)	**238**	**11**	**249**
Income taxes*)	1	–	1
Consolidated profit*)	**237**	**11**	**248**

*) Terminal value after further adjustments.

The revised enterprise value of DnB Nord for 2009 results in a write-down requirement of € 55 million. The resulting changes in value and corresponding effects on earnings for 2009 and 2010 are summarised in the tables below.

1 Jan. – 31 Dec. 2010 (in € million)	Prior to adjustment	Adjustment	After Adjustment
Profit / loss from investments accounted for using the equity method	– 128	55	– 73
Earnings before taxes*)	**249**	**55**	**304**
Income taxes*)	1	–	1
Consolidated profit*)	**248**	**55**	**303**

*) Terminal value after further adjustments.

In March 2010 specific valuation allowances were made for two exposures in the amount of € 15 million. These loan loss provisions should have been considered in 2009.

This resulted in the following changes in the income statement for the period of 1 January to 31 December 2010:

1 Jan. – 31 Dec. 2010 (in € million)	Prior to adjustment	Adjustment	After Adjustment
Loan loss provisions	– 657	15	– 642
Earnings before taxes*)	**304**	**15**	**319**
Income taxes*)	1	4	5
Consolidated profit*)	**303**	**11**	**314**

*) Terminal value after further adjustments.

The respective adjustments were also taken into account in the following notes: (21) Net interest income, (22) Loan loss provisions, (23) Net commission income, (24) Profit / loss from financial instruments at fair value, (27) Profit / loss from investments accounted for using the equity method, (30) Income taxes, (43) Current income tax assets and deferred income taxes, (44) Other assets, (49) Liabilities at fair value through profit or loss, (55) Fair value hierarchy, (52) Current income tax liabilities and deferred income taxes, (54) Subordinated capital, (56) Carrying amounts by measurement category, (57) Net gains or losses by measurement category, (60) Derivative financial instruments, (63) Residual terms of financial liabilities and (69) Non-current assets and liabilities.

The aforementioned facts have the following effects on the financial year 2009:

31 Dec. 2009 (in € million)	Prior to adjustment	Adjustment	After Adjustment
Loan loss provisions	**– 1 792**	**– 15**	**– 1 807**
Specific valuation allowance	– 1 276	– 15	– 1 291
German banks	– 6	– 15	– 21
Investments accounted for using the equity method	**723**	**– 55**	**668**
Joint Ventures – Banks	302	– 55	247
Deferred income taxes	**353**	**8**	**361**
Other assets	**1 808**	**– 66**	**1 742**
Loans and advances to atypical silent partners	66	– 66	–
Total assets	**238 600**	**– 128**	**238 472**
Financial liabilities at fair value through profit or loss	**16 136**	**12**	**16 148**
Trading liabilities	7 279	1	7 280
Negative fair values from derivatives relating to			
interest rate risks	5 624	1	5 625
Financial liabilities designated at fair value	8 857	11	8 868
Liabilities to banks and customers	5 012	11	5 023
Subordinated capital	**5 931**	**16**	**5 947**
Silent participations	2 389	16	2 405
Equity			
Retained earnings	2 037	– 162	1 875
Revaluation reserve	24	– 5	19
Currency translation reserve	– 49	42	– 7
Equity capital attributable to the owners of NORD/LB	**5 694**	**– 125**	**5 569**
Equity capital attributable to non-controlling interests	104	– 31	73
Equity	**5 798**	**– 156**	**5 642**
Total liabilities and equity	**238 600**	**– 128**	**238 472**

1 Jan. – 31 Dec. 2009 (in € million)	Prior to adjustment	Adjustment	After Adjustment
Net interest income	**1 380**	**7**	**1 387**
Interest income	16 027	7	16 034
Interest income from lending and money market transactions	5 809	9	5 818
Other interest income and similar income	6	– 1	5
Interest expense from subordinated capital	300	2	302
Other interest expenses and similar expenses	11	– 2	9
Loan loss provisions	**– 1 045**	**– 15**	**– 1 060**
Expenses for loan loss provisions	1 316	– 15	1 301
Allocation to specific valuation allowance	– 862	– 15	– 877
Net commission income	**177**	**– 9**	**168**
Commission income	277	– 9	268
Other commission income	36	– 9	27
Profit / loss from financial instruments at fair value through profit or loss	**421**	**– 13**	**408**
Trading profit / loss	627	– 2	625
Foreign exchange gains	–	– 2	– 2
Profit / loss from the use of fair value option	– 206	– 11	– 217
Profit / loss from valuation	– 191	– 11	– 202
from liabilities to banks and customers	74	– 11	63
Profit / loss from investments accounted for using the equity method	**– 200**	**– 55**	**– 255**
Shares in joint ventures	– 227	– 55	– 282
Expenses	228	55	283
Earnings before taxes	**– 88**	**– 85**	**– 173**
Income taxes	50	– 8	42
Consolidated profit	**– 138**	**– 77**	**– 215**
of which: attributable to the owners of NORD/LB	– 149	– 75	– 224
of which: attributable to non-controlling interests	11	– 2	9

In the segment reporting for the period of 1 January to 31 December 2009 the following adjustments have been made:

1 Jan. – 31 Dec. 2009 (in € million)	Prior to adjustment	Adjustment	After Adjustment
Private and Commercial Customers			
Profit/loss from investments accounted for using the equity method	– 238	– 55	– 293
Earnings before taxes (EBT)	– 207	– 55	– 262
Consolidated profit	– 207	– 55	– 262
Segment assets (31 Dec. 2009)	12 526	– 55	12 471
Segment liabilities (31 Dec. 2009)	10 102	– 55	10 047
CIR	178,9 %	80,1 %	258,9 %
Financial Markets/Institutional Customers			
Profit/loss from financial instruments at fair value through profit or loss	260	– 2	258
Earnings before taxes (EBT)	398	– 2	396
Consolidated profit	398	– 2	396
CIR	18,4 %	0,1 %	18,5 %
Energy and Infrastructure Customers			
Net interest income before loan loss provisions	136	2	138
Loan loss provisions	41	11	52
Net interest income after loan loss provisions	95	– 9	86
Net commission income	41	– 2	39
Earnings before taxes (EBT)	104	– 11	93
Consolidated profit	104	– 11	93
Segment assets (31 Dec. 2009)	13 170	– 8	13 162
Segment liabilities (31 Dec. 2009)	5 558	– 8	5 551
Ships and Aircraft Customers			
Net interest income before loan loss provisions	276	5	281
Net interest income after loan loss provisions	119	5	124
Net commission income	33	– 5	28
Real Estate Banking Customers			
Net interest income before loan loss provisions	219	2	221
Loan loss provisions	134	4	138
Net interest income after loan loss provisions	85	– 2	83
Net commission income	21	– 2	19
Earnings before taxes (EBT)	47	– 4	43
Consolidated profit	47	– 4	43
Segment assets (31 Dec. 2009)	22 393	– 3	22 390
Segment liabilities (31 Dec. 2009)	11 139	– 3	11 136
Group Management/Others			
Net interest income before loan loss provisions	– 168	– 2	– 170
Net interest income after loan loss provisions	– 497	– 2	– 499
Earnings before taxes (EBT)	– 304	– 2	– 306
Consolidated profit	– 304	– 2	– 306
Segment assets (31 Dec. 2009)	– 31 919	– 66	– 31 985
Segment liabilities (31 Dec. 2009)	– 22 677	– 66	– 22 743

1 Jan. – 31 Dec. 2009 (in € million)	Prior to adjustment	Adjustment	After Adjustment
Reconciliations			
Profit / loss from financial instruments at fair value through profit or loss	– 48	– 11	– 59
Earnings before taxes (EBT)	– 203	– 11	– 214
Taxes	50	– 8	42
Consolidated profit	– 253	– 3	– 257
Segment assets (31 Dec. 2009)	– 3 310	4	– 3 306
Segment liabilities (31 Dec. 2009)	7 892	4	7 896
NORD/LB Group			
Net interest income before loan loss provisions	1 380	7	1 387
Loan loss provisions	1 045	15	1 060
Net interest income after loan loss provisions	335	– 8	327
Net commission income	177	– 9	168
Profit / loss from financial instruments at fair value through profit or loss	421	– 13	408
Profit / loss from investments accounted for using the equity method	– 200	– 55	– 255
Earnings before taxes (EBT)	– 88	– 85	– 173
Taxes	50	– 8	42
Consolidated profit	– 138	– 77	– 215
Segment assets (31 Dec. 2009)	238 600	– 128	238 472
Segment liabilities (31 Dec. 2009)	238 600	– 128	238 472
Capital employed	5 136	– 166	4 970
CIR	47,3 %	1,7 %	49,0 %
RoRaC / RoE	– 2,6 %	– 1,8 %	– 4,4 %

1 Jan. – 31 Dec. 2009 (in € million)	Prior to adjustment	Adjustment	After Adjustment
Regional breakdown			
Earnings before taxes (EBT)			
Federal Republic of Germany	– 237	– 30	– 267
Europe excluding Germany	104	– 55	49
NORD/LB Group	– 88	– 85	– 173
Segment assets (31 Dec. 2009)			
Federal Republic of Germany	227 223	– 128	227 095
NORD/LB Group	238 600	– 128	238 472
Segment liabilities (31 Dec. 2009)			
Federal Republic of Germany	227 223	– 128	227 095
NORD/LB Group	238 600	– 128	238 472
Capital employed			
Federal Republic of Germany	4 349	– 166	4 183
NORD/LB Group	5 136	– 166	4 970
CIR			
Federal Republic of Germany	65,4 %	0,6 %	66,0 %
Europe excluding Germany	16,3 %	– 7,8 %	8,5 %
NORD/LB Group	47,3 %	1,7 %	49,0 %
RoRaC / RoE			
Federal Republic of Germany	– 6,2 %	– 0,8 %	– 7,0 %
Europe excluding Germany	18,0 %	1,5 %	19,5 %
NORD/LB Group	– 2,6 %	– 1,8 %	– 4,4 %

(3) Adopted IFRS

All IFRS, interpretations and their respective amendments which have been endorsed by the EU and were relevant for the NORD/LB Group in the financial year 2010 were adopted in these Consolidated Financial Statements.

The following amendments which are mandatory for the first time from 1 January 2011 were taken into account.

In November 2009 IASB published a revised version of IAS 24-Disclosure of Related Party transactions. As part of the review the definition of the Related Parties in particular was specified and amended. Furthermore an exemption clause concerning information to be published for government-related entities was implemented.

Due to the first application of IAS 24 (rev. 2009) NORD/LB's group of Related Parties was expanded by subsidiaries and joint ventures of Lower Saxony and SVN as well as by subsidiaries of joint ventures and affiliated companies of the Group. This explains the expansion of the business volume shown in the notes. The previous year's figures were adjusted accordingly (see note (75) Related Parties). The NORD/LB Group does not make use of the exemption clause of the revised standard concerning the information for government-related entities.

In May 2010 IASB published further modifications of the existing IFRS within the scope of its Annual Improvements Projects. These comprise both amendments to various IFRSs with effects on the approach, valuation and reporting of transactions and terminological or editorial adjustments. Most of the changes apply to financial years beginning on or after 1 January 2011.

Within these Consolidated Financial Statements all IFRS, interpretations and their respective amendments which have been accepted by the EU in the endorsement process and were relevant for the NORD/LB Group in the financial year 2011 were adopted.

The following amendments of the standard as at 1 January 2011 were taken into account for the first time:

In November 2009 the IASB published a revised version of IAS 24 – Related party disclosures. Within the framework of the revision the definition of the related parties was specified and further amended. In addition an exemption concerning the government-related entity disclosures was implemented.

Due to the fact that IAS 24 (rev. 2009) was taken into account for the first time the number of related parties increased by subsidiaries, joint ventures of Lower Saxony and of SVN as well as by subsidiaries of joint ventures and affiliated companies of the NORD/LB Group. For this reason the business volume stated in the notes rose. The previous year's figures were adjusted accordingly (see note (74) Related parties). The exemption concerning the government-related entities being part of the amended standard is not used by the NORD/LB Group.

In May 2010 the IASB published within the framework of its annual improvement projects further modifications of the existing IFRS. These comprise both amendments to various IFRSs with effects on the approach, valuation and reporting of transactions and terminological or editorial adjustments. Most of the amendments account for the years starting on or after 1 January 2011.

The amendments in line with the annual improvement projects have no material impact on the consolidated financial statements of NORD/LB Group.

As is allowed, we have not yet applied the following standards and amendments to standards which did not have to be implemented by the NORD/LB Group prior to 31 December 2011:

- **IAS 19 (rev. 2011) – Employee Benefits**
  The revised IAS 19 was published in June 2011 and will come into force for reporting periods commencing on or after 1 January 2013. The regulations included in this will have an impact on the recognition and measurement of defined benefit plans and termination benefits.

  For the NORD/LB Group this results in changes in the recognition of costs and taxes relating to benefit plans and the recognition of liabilities for termination benefits. In addition to this, the expected income from plan assets with a fixed interest rate is to be calculated and extended disclosures are to be made in the notes.

- **IFRS 9 – Financial Instruments**
  As part of the project to replace IAS 39, a revised version of IFRS 9 was published in October 2010. The first phase of the three phases includes regulations for the categorisation and measurement of financial assets and financial liabilities. IFRS 9 only provides two options for the categorisation of financial assets, measurement at amortised cost and measurement at fair value. The categorisation will in future be based on the reporting entity's business model and the contractually agreed cash flows of the asset. Furthermore the regulations for embedded derivatives and reclassification have also been modified. The regulations relating to financial liabilities are largely unaltered compared to IAS 39. Rating-induced changes in the value of financial liabilities will in future only be shown in other comprehensive income if the fair value option is applied. With regard to the other phases, publications by the IASB concerning the issues of impairment and hedge accounting are expected in the second half of 2012. Subject to EU endorsement, IFRS 9 will be mandatory for financial years commencing on or after 1 January 2015.

  It is expected that IFRS 9 will have a significant impact on the recognition, measurement and reporting in future consolidated financial statements. The potential impact can only be quantified in the NORD/LB Group when the final regulations for all phases of IFRS 9 have been passed by the IASB.

- **IFRS 10 – Consolidated Financial Statements**
  The IFRS 10 published in May 2011 changes the definition of control and creates standard rules for determining control both for subsidiaries and for structured entities (special purpose entities) which form the basis for assessing the consolidation requirement. The standard replaces the regulations of the former IAS 27 and SIC 12 that relate to this and will come into force for reporting periods commencing on or after 1 January 2013.

  All of the companies of the NORD/LB Group that potentially need to be included in the consolidated financial statements, in particular the special purpose entities, are currently being analysed in respect of the new definition of control of IFRS 10. The extent to which there will be a change to the basis of consolidation can only be ascertained once the investigations have been concluded.

- **IFRS 11 – Joint Arrangements**
  IAS 31 – Interests in joint ventures will be replaced by IFRS 11, which was published in May 2011 and is applicable from 1 January 2013. This regulates the recognition of facts when an entity has joint control over a joint venture or runs a joint operation. Compared to the current standard, there are two significant changes. Firstly, for the consolidation of joint ventures the option of proportionate consolidation has been abolished, i. e. consolidation is only allowed based on the equity method as in IAS 28. Secondly, the new category of joint operations has been introduced, in which the assets and liabilities allocatable to the Group will be recognised.

  The initial application of IFRS 11 is unlikely to result in any need for adjustments to NORD/LB's consolidated financial statements.

- **IFRS 12 – Disclosure of Interests in Other Entities**
  The new IFRS 12 condenses the disclosure requirements related to subsidiaries, joint ventures, associated companies and unconsolidated structured entities in one standard. The objective is the disclosure of information on the nature of control over the aforementioned companies and the associated risks and the effects resulting from the control on the balance sheet, income statement and cash flow. IFRS 12 must be applied for the first time for financial years commencing on or after 1 January 2013.

  IFRS 12 will result in extended disclosure requirements for NORD/LB's consolidated financial statements. These concern in particular the disclosures relating to unconsolidated structured entities (special purpose entities).

- **IFRS 13 – Fair Value Measurement**
  The IASB published IFRS 13 – Fair value measurement in May 2011. It is applicable for financial years commencing on or after 1 January 2013; adjusted reference figures do not have to be disclosed. The specifications of IFRS 13 concern among other things the definition of fair value and level inputs, the recognition of day-one-profit / loss and the use of a bid / ask spread in the measurement of assets and liabilities.

  The effects of the regulations of IFRS 13 on recognition, measurement and disclosures in the NORD/LB Group are currently being examined.

- **Amendments to IAS 1 – Presentation of Other Comprehensive Income**
  The amendments to IAS 1 published by the IASB in June 2011 as part of the Financial Statement Presentation Project provide that the items of other comprehensive income (OCI) are to be broken down by whether they can be recycled in the income statement or not. If OCI is reported before tax, the tax amounts are to be treated similarly and broken down into recyclable and non-recyclable items. The NORD/LB Group must apply this amendment for the first time on 1 January 2013.

  The amendments to IAS 1 will result in a change in presentation in the NORD/LB Group's statement of comprehensive income.

- **Amendments to IAS 32 – Offsetting of Financial Assets and Financial Liabilities**
  In December 2011 the IASB clarified its requirements for the netting of financial instruments with the publication of amendments to IAS 32 – Financial instruments: Presentation. The amendments, which should eliminate the current inconsistencies in the application of offsetting criteria, explain in particular

the meaning of the "current right to offset" and under what conditions systems with gross offsetting can be considered to be equivalent to net offsetting in terms of the standard. The amendments are mandatory for financial years commencing on or after 1 January 2014 with retrospective effect.

- **Amendments to IFRS 7 – Disclosures: Transfer of Financial Assets**
  The IASB published amendments to IFRS 7 – Financial instruments: Disclosures in October 2010 as part of its comprehensive review of off-balance-sheet transactions. The amendments will allow a better understanding of transfer transactions of assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets.

  The amendments will result in extended disclosure requirements which are applicable for the NORD/LB Group from 1 January 2012. Reference figures do not need to be disclosed in the first year of application.

- **Amendments to IFRS 7 – Offsetting of Financial Assets and Financial Liabilities**
  In association with the amendments to IAS 32 – Financial instruments: Presentation published in December 2011, an amendment was made to the disclosure requirements of IFRS 7 relating to offsetting in order to allow the readers of financial statements to assess the effects of offsetting agreements, including the rights to offset recognised financial assets and financial liabilities, on the financial position of an entity. The amendments are mandatory for interim periods and financial years commencing on or after 1 January 2013 with retrospective effect.

  The effects of the amendments to IAS 32 and IFRS 7 relating to the offsetting of financial instruments on the NORD/LB Group are currently being examined.

The following amended or new standards have also not been applied early:
- Amendments to IAS 12 – Deferred taxes: Recovery of underlying assets
- IAS 27 (rev. 2011) – Separate financial statements
- IAS 28 (rev. 2011) – Investments in associates and joint ventures

These amendments must be applied in the Group for financial years commencing on or after 1 January 2012 (amendments to IAS 12) or 1 January 2013.

The amendments to IAS 12, IAS 27 and IAS 28 are not expected to have a significant impact on NORD/LB's consolidated financial statements.

With the exception of the amendments to IFRS 7 – Disclosures: Transfer of financial assets, which was endorsed on 22 November 2011, the above-mentioned standards and amendments to standards are yet to be adopted into European law.

(4) Consolidation principles
NORD/LB's consolidated financial statements, prepared in accordance with uniform accounting policies throughout the Group, comprise the financial statements of the parent company (NORD/LB) and of the companies controlled by the parent company, including controlled special purpose entities (subsidiaries)). Control exists as soon as a Group company has the power to determine the financial and business policies of a company so as to obtain benefits from its activities.

The purchase method of accounting is applied, i.e. assets and liabilities relating to subsidiaries were recognised at fair value on consideration of deferred taxes on the date on which a controlling interest was gained. Goodwill resulting from initial consolidation is reported under intangible assets. The value of goodwill is reviewed at least once a year and is the subject of unscheduled depreciation if necessary. Shares in the equity of subsidiaries which are not held by the parent company are reported as non-controlling interests in consolidated equity.

Receivables and liabilities and expenses and income generated within the Group are eliminated in the consolidation of intercompany balances and income and expenses. Intragroup profits and losses are consolidated in the elimination of intercompany profits and losses.

Results of subsidiaries included or disposed of during the course of the year are recognised in the income statement as at the effective date of acquisition or up to the effective date of disposal, respectively.

Joint ventures and associated companies are accounted for using the equity method and are reported as investments accounted for using the equity method. The cost of acquisition of investments accounted for using the equity method and the differences are determined as at the date on which significant influence is obtained. In this case the rules applied are the same as those applied for subsidiaries. Adjustments to the at equity value are recognised in profit or loss or under equity on the basis of uniform accounting policies for the Group. Losses exceeding the at equity value are not reported unless the Group has entered into legal or factual obligations or makes payments on behalf of the investment accounted for using the equity method.

For transactions between a Group company and a joint venture or an associated company, profits and losses are eliminated in proportion with the shareholding of the Group in the respective company.

Deconsolidation is carried out from the date on which control or significant influence ceases to exist.

(5) Basis of consolidation

In addition to NORD/LB as the parent company, the consolidated financial statements include 49 (51) subsidiaries (including special purpose entities in accordance with SIC 12) in which NORD/LB directly or indirectly holds more than 50 per cent of the voting rights or over which NORD/LB is in a position to exercise control in another manner. 1 (2) joint ventures and 13 (13) associated companies are accounted for using the equity method.

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

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

As a result of the separation from the fully consolidated NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen, significant plots of land were transferred to NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG, Bremen, which was recently established for this purpose. NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG, Bremen, is a subsidiary of BLB Immobilien GmbH, Bremen, and is consolidated for the first time with the take-over of the plots of land as at 1 October 2011.

With effect of 31 December 2011 PANIMA GmbH & Co. Objekt Hannover KG, Pullach im Isartal, and PANIMA GmbH & Co. Objekte Braunschweig KG, Pullach im Isartal, which were previously included in the consolidated financial statements as subsidiaries, were merged with NORD/LB.

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

The fully consolidated funds NORD/LB AM 118 and NORD/LB AM 65 were merged on 1 October 2011.

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

Subsidiaries, joint ventures and associated companies included in the consolidated financial statements are shown in note (79) Equity holdings.

(6) Currency translation

Monetary assets and liabilities in foreign currencies and non-monetary items recognised at fair value were translated at ECB reference exchange rates as at 31 December 2011. Non-monetary items carried at cost are recognised at historical rates. Expenses and income in foreign currencies are translated at market exchange rates. Currency differences relating to monetary items are always shown in the income statement; non-monetary items are recognised through profit or loss or using the equity method in accordance with reporting the profits or losses of such items.

The assets and liabilities of foreign subsidiaries with a currency other than the euro were translated at ECB reference exchange rates as at 31 December 2011. With the exception of the revaluation reserve (translated using the closing rate) and the profit for the year, equity is translated at historical currency rates. Income and expenses are translated into the Group currency at period-average exchange rates; resulting translations are reported as a separate item in consolidated equity. On disposal, the cumulative amount of exchange differences is included in the gain or loss on disposal.

(7) Financial instruments

A financial instrument is defined as a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are reported accordingly in the NORD/LB Group. They are allocated to valuation categories and measured according to this classification in accordance with IAS 39 requirements.

The financial instruments contain financial guarantees in accordance with the definition of IAS 39.

a) Addition to and Disposal of Financial Instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to a contract in accordance with the contractual provisions of the financial instrument. In the case of the regular cash purchases or cash sales of financial assets, the date of trade and the date of settlement generally do not fall on the same date. These regular cash purchases or cash sales bear the option of recognition as at the date of trade (trade date accounting) or as at the date of settlement (settlement date accounting). Trade date accounting applies for the recognition and disposal of all financial assets transacted by the Group.

IAS 39 disposal regulations comply with both the concept of risk and reward and of control; measuring risks and rewards should be given priority over measuring the transfer of control on verifying derecognition entries.

The continuing involvement approach is employed when opportunities and risks are only partly transferred and control is retained. In this case a financial asset is recognised to the extent equivalent to its continuing involvement on consideration of certain accounting policies. The extent of continuing involvement is determined by the scope in which the Group continues to bear the opportunities and risks of changes in the values of the assets transferred.

A financial liability (or part of a financial liability) is derecognised when the liability has been eliminated, i.e. when the liabilities specified in the contract have been settled or eliminated or if they have expired. The reacquisition of the bank's own debt instruments is also included in the derecognition of financial liabilities. Differences between the carrying amount of a liability (including premiums and discounts) and the purchase price are recognised through profit or loss; a new financial liability whose cost of acquisition is equivalent to the sales proceeds will arise in the case of resale at a later date. Differences between these new costs of acquisition and the amount repaid are spread over the remaining term of the debt instrument in accordance with the effective interest method.

b) Categorisation and Measurement

Fair value is applied when financial assets and financial liabilities are recognised for the first time. The net method is applied for financial guarantees reported in the NORD/LB Group. For financial instruments in the categories Loans and Receivables (LaR), Held to Maturity (HtM), Available for Sale (AfS) and Other Liabilities (OL), transaction costs are included in the cost of acquisition if they are directly apportionable. They are accounted for in the nominal value or the repayment amount on distribution of premiums and discounts in compliance with the effective rate of interest component. Transaction costs for financial instruments in the categories financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement of financial assets and financial liabilities is contingent on the IAS 39 category under which the assets or liabilities had been classified on the date of acquisition:

ba) Loans and Receivables (LaR)

Non-derivative financial assets involving fixed or determinable payments which are not listed in an active market are allocated to this category provided that they have not been classified as financial assets at fair value through profit or loss or available for sale. The loans and receivables category is the largest in the Group since this category essentially comprises all traditional credit and loan transactions. Subsequent measurement is at amortised cost applying the effective interest method. The recoverability of loans and receivables (LaR) is verified and they are written down if necessary on each balance sheet reporting date and in the event of indications of potential impairment losses (cf. notes (8) Provisions and (22) Loan loss provisions and (26) Profit / loss from financial assets). Appreciations in value are recognised through profit or loss. The upper limit for appreciations in value is the amortised cost which would have resulted at the date of measurement without impairment losses.

bb) Held to Maturity (HtM)

Non-derivative financial assets involving fixed or determinable payments and a fixed term are classified in this category if they are intended to be held until maturity. They may be allocated if the financial instruments are not classified as financial assets at fair value through profit or loss (aFV), as available for sale (AfS) or as loans and receivables (LaR). Subsequent measurement is at amortised cost applying the effective interest method. The held to maturity category is currently not employed in the NORD/LB Group.

bc) Financial Assets or Financial Liabilities at Fair Value through Profit or Loss (AFV)

This category is divided into two sub-categories:

i) Held for Trading (HfT)

This sub-category comprises financial instruments (trading assets and trading liabilities) acquired with the intention of gaining profits from short-term acquisitions and sales and contains all the derivatives which do not constitute collateral instruments within the scope of hedge accounting. Trading assets essentially comprise money market instruments, bonds and debt securities and derivatives with a positive fair value. Trading liabilities mainly comprise derivatives with a negative fair value and delivery obligations resulting from futures sales. Trading assets and trading liabilities are measured at fair value through profit or loss upon subsequent measurement. There is no amortisation at constant effective interest rates of premiums and discounts.

ii) Designated at Fair Value through Profit or Loss (DFV)

Any financial instrument can be allocated to this sub-category, known as a fair value option, provided that certain requirements are met. Exercising the fair value option means that recognition and measurement mismatches resulting from different measurement methods for financial assets and liabilities is avoided or significantly reduced (for example, by presenting economic hedges of structured bond issues and corresponding derivatives without having to fulfil the restrictive requirements of hedge accounting). Allocation to this category also meant that embedded derivatives in structured products do not need to be separated. The category was used in some cases because the management and measurement of the performance of a portfolio is at fair value. More information on the type and the scope of application of the fair value option in the Group is presented in note (35) Financial assets at fair value through profit or loss and in note (49) Financial liabilities at fair value through profit or loss. Financial instruments measured using the fair value option are measured at fair value through profit or loss upon subsequent measurement. There is no amortisation at constant effective interest rates of premiums and discounts.

bd) Available for Sale (AfS)

Any non-derivative financial assets which have not been assigned to any of the aforementioned categories are allocated to this category. These assets are primarily bonds, debt securities, shares and investments which are not measured in accordance with IAS 27, IAS 28 or IAS 31. Subsequent measurement was at fair value. Measurement is at cost if the fair value of financial investments in equity instruments such as certain shares or investments for which no price is available on an active market (and the relating derivatives) cannot be determined with sufficient reliability. The result of measurement at fair value is recognised using the equity method in a separate equity item (revaluation reserve). In the event of the sale of the financial asset, the accumulated estimated profit / loss reported in the revaluation reserve is written back and reported in the income statement.

Impairment is only carried out in the case of permanent rating-induced impairment. The occurrence of rating-induced impairment is examined on the basis of specific objective factors. Objective factors in this context are the trigger events listed in IAS 39, for example significant financial difficulty of the issuer or the obligor or a breach of contract or default or delay in interest or principal payments. In addition to the criteria of permanence, a measurable decrease in the fair value of equity securities to below the acquisition cost is an objective indication of impairment.

In the case of rating-induced impairments, the difference between the book value and current fair value must be recognised in the income statement. Appreciations in the value of debt capital instruments are recognised in the amount of the appreciation through profit or loss in the income statement as well as in equity. Appreciations in the value of equity instruments are recognised in equity unless they are measured at acquisition cost. With equity instruments, differences between the cost of acquisition and repayment amounts are amortised and recognised in profit or loss applying effective interest method.

be) Other Liabilities (OL)

This category includes in particular liabilities to banks and customers, securitised liabilities and subordinated capital provided that these liabilities have not been designated at fair value under the fair value option. Subsequent measurement is at amortised cost applying the effective interest method.

The carrying amounts and net profit or losses for each measurement category are presented in notes (56) and (57).

c) Reclassification

In accordance with the regulations of IAS 39, financial instruments are allowed to be reclassified from the HfT (trading assets) category to the LaR, HtM and AfS categories and from the AfS category to the LaR and HtM categories under certain circumstances. The NORD/LB Group did not make use of this option to reclassify.

d) Establishing Fair Value

In the NORD/LB Group the three-tier fair value hierarchy is applied with the 1 (Mark to Market), Level 2 (Mark to Matrix) and Level 3 (Mark to Model) terminology provided for in IFRS 7.

The respective level is determined by the input data used in the measurement and reflects the market proximity of the variables included in establishing the fair value.

Under the fair value hierarchy, a financial instrument is categorised in Level 1 if it is traded on an active market and is used to establish the fair value of listed market prices or prices actually traded on the OTC market. If no market prices or prices actually traded on the OTC market are available, in the Level 1 measurement the prices quoted by dealers are used for measurement purposes, with prices quoted by other banks or market makers being applied when price sources other than stock exchange quoted prices are used.

In the event that no price quotes are available, the fair value is calculated by means of recognised measurement methods or models as well as by means of external pricing services, if measurement in this case is carried out either fully or in part with spread curves (Level 2).

For the measuring of financial instruments, these methods include measurement methods which are established on the market (e. g. discounted cash flow method and the Hull-White model for options) whose calculations are always based on input parameters available on the market. A requirement here is that variables which market participants would have taken into account when specifying prices are included in the measurement process. Wherever possible, respective parameters are taken from markets on which the instruments are issued or acquired.

Measurement models are employed primarily for OTC derivatives and securities listed on inactive markets. Various parameters are applied for the models, for example market prices and other market quotations such as volatility and market liquidity. A standard market method is always applied if estimations are required in given cases, e. g. when option price models are used.

Market data which forms the basis of risk control is applied for these Level 2 measurements. For discounted cash flow methods, all payments are discounted by the risk-free interest rate curve adjusted for the credit spread of the counterparty. Spreads are determined on the basis of comparable financial instruments (for example on consideration of the respective market segment and the issuer's credit rating).

For financial instruments for which there was no active market on 31 December 2011 and for which measurement can no longer be based on market prices, fair value is determined for measurement purposes in accordance with a mark-to-matrix method that is based on discounted cash flows.

The financial instruments in the NORD/LB Group to be measured in this manner are ascertained on the basis of individual securities and a subsequent separation into active and inactive markets. Changed market assessments are consistently included in measurement.

In this case the measurement model for financial instruments on inactive markets is based on term-related interest rates, the credit rating of the respective issuer and an adequate return on capital employed.

Among other things the method uses the ratings of the respective counterparties as parameters. If they are taken from publicly available sources, the financial instruments measured in this way are allocated to Level 2.

Financial instruments for which there is not an active market and for which measurement cannot be based completely on observable market parameters are allocated to Level 3. Accordingly financial instruments are allocated to Level 3 if the method uses the NORD/LB Group's internal ratings based on the Internal Ratings-Based Approach (in accordance with BASEL II). This is the case regardless of whether the internal data for the regulatory eligibility check was gauged using data from publicly available ratings which form the basis of pricing decisions by market participants.

In comparison and in differentiation to Level 2 measurement, this method employs models specific to the bank and also data which is not observable on the market. The share of these parameters is restricted as far as possible and the inclusion of market-related data is given preference, i. e. basic signals from the market which are observed on the reporting date are included in the method.

The Level 3 method is essentially used to measure the Group's CDS and ABS / MBS portfolios for which the market has been classified as being inactive. In addition to this, further interest-bearing securities are allocated to Level 3 if they are measured using the approach based on internal ratings.

Individual CDO tranches are also measured in accordance with Level 3.

All measurement models applied in the Group are reviewed periodically.

Further information on the fair value hierarchy and the fair values of financial instruments can be found in notes (55) and (58).

e) Measurement of Investments which do not fall under IAS 27, IAS 28 or IAS 31
Investments which do not fall under IAS 27, IAS 28 or IAS 31 are measured at fair value. If the fair value of financial investments in equity instruments which do not have a listed price on an active market cannot be reliably established, they are measured at acquisition cost (cf. note (59) Fair value of financial instruments).

If participating interests are traded on an active market, the market/stock exchange price is used to determine the fair value. If it is not possible to use prices listed on active markets, the fair value is established using recognised measurement methods. In addition to the peer-group method, the NORD/LB Group also uses the income-value method. This method is assigned in the fair value hierarchy in accordance with IFRS 7 to Level 3 (cf. note (55) Fair value hierarchy).

The fair value is calculated in the income-value method from the present value of the shareholders' future net earnings associated with the ownership of the company.

The net earnings of shareholders, which are discounted to calculate the income value, relate primarily to the distributions of financial profits generated by the company. The starting point for calculating the fair value of the participating interest is a forecast of growth in earnings for 2011, a detailed plan for 2012 and where applicable the medium-term plan for the following four years (planning phase I). For the following years beyond the planning horizon in general perpetuity of the undertaking is assumed. For this purpose a perpetual annuity is calculated which should reflect the long-term situation of the affiliated company (planning phase II). These anticipated future profits are discounted taking into account the anticipated distributions on the balance sheet date.

The discount rate used represents the yield from an adequate alternative investment in respect of maturity and risk to the investment in the affiliated company and is derived on the basis of a capital market model. The discount rate comprises the components of risk-free interest and the risk premium for future financial profits. The risk premium is the product of an average market risk premium and the beta factor which expresses the specific risk structure of the company to be valued. The beta factor describes as a relative measure to what extent the yield of the respective share in the affiliated company follows changes in the yield of the market portfolio.

In order to value investments in companies which are not listed on the stock exchange, comparison groups of similar titles traded on the stock exchange are formed. For each individual value the beta is calculated in relation to the respective broadest national index. In brief, the beta factor of the comparison group calculated in this way is a significant multiplier used when calculating the capitalisation interest.

f) Structured Products
Structured products comprise two components – a basic contract (host contract, e.g. security) and one or several embedded derivative financial instruments (embedded derivatives, e.g. swaps, futures or caps). The two components are the subject matter of a single contract relating to the structured product, i.e. these products constitute a legal unit and may not be negotiated separately due to the circumstance of a contractual unit.

In accordance with IAS 39 an embedded derivative is to be separated from the host contract and accounted for as a separate derivative provided that all of the following criteria are fulfilled:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

- A separate instrument with the same terms as the embedded derivative financial instrument would meet the definition of a derivative financial instrument.

- The structured product is not measured at fair value through profit or loss.

If separation of financial instruments is obligatory these financial instruments are measured and recognised separately in the Group – provided they have not been classified as aFV. The host contract is accounted for in compliance with the regulations of the category to which a financial instrument is allocated and embedded derivatives are accounted for at fair value through profit or loss as part of the trading assets or trading liabilities.

g) Hedge Accounting

Hedge accounting is the balance sheet presentation of hedging relationships. In this framework, hedging relationships are established between underlying items and hedging transactions. The aim is to avoid or reduce fluctuations in profits and equity resulting from differing measurements of underlying and hedging transactions.

A distinction is made between three basic forms of hedges, each needs to be handled differently in hedge accounting. The fair value hedge involves the hedging of (parts of) assets and liabilities against changes in fair value. In particular investment and lending transactions in the Group as well as the security portfolios under liquidity control, provided that the securities bear interest, are subject to this risk type in changes to value. Both individual transactions and portfolios are hedged by fair value hedges. Currently the fair value is only hedged against interest rate risk. Interest rate swaps and currency swaps are mainly used to hedge these risks.

The two other basic forms, the cash flow hedge and the hedge of a net investment in a foreign operation, are currently not used in the Group.

Only hedging relationships which have fulfilled the restrictive requirements of IAS 39 may be reported in accordance with the regulations of hedge accounting. Hedge accounting requirements, in particular evidence of the effectiveness of the hedge transaction, must be met for each hedging relationship on each balance sheet reporting date. The critical term match method, the market data shift method and the regression method are applied in the Group for the prospective conducting of effectiveness tests. The modified dollar offset method is used for retrospective effectiveness tests. This method takes account of the problem of small numbers in the case of minor changes in the value of underlying transactions and hedges by means of an additional tolerance limit.

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

In accordance with the fair value hedge accounting rules, derivative financial instruments used for hedging purposes are reported at fair value as positive or negative fair values from hedge accounting (note (36) and note (50) Positive and negative fair values from hedge accounting derivatives). Amendments to measurement are reported through profit or loss (note (25) Profit / loss from hedge accounting). Changes in fair value resulting from the hedged risk of hedged assets or hedged liabilities must also be recognised through profit or loss in the profit / loss from hedge accounting item.

When employing hedge accounting for financial instruments in the annual financial statements category, the portion of any change in fair value relating to hedged risks is recognised in profit or loss as profit / loss from hedge accounting, while the portion of a change in fair value which is not related to the hedged risk is accounted for in the revaluation reserve.

Changes in the fair value of underlying liability-side transactions related to the hedged risk are reported on the liabilities side of the balance sheet in the adjustment item for financial instruments hedged in the fair value hedge portfolio. Underlying transactions relating to AfS items carried as assets continue to be reported at their full fair value under financial assets. There are currently no assets under the AfS category in the fair value hedge portfolio.

In micro hedge accounting, financial instruments measured at amortised cost are adjusted in the balance sheet item by the change in fair value resulting from the hedge risk (hedge adjustment).

A hedge relationship is terminated when the basic transaction or the hedging transaction expires, is sold or exercised or when hedge accounting requirements are no longer fulfilled; for underlying transactions in effective hedges cf. note (61).

h) Securities Sale and Repurchase Agreements and Securities Lending

The transfer of securities assigned for sale or re-purchase in genuine security sale and repurchase agreements (repo transactions) does not result in derecognition of such securities since the transferring company essentially retains all the risks and rewards relating to ownership of the assigned item. The asset transferred must therefore still be reported by the transferor and measured according to its respective category. Payment received is carried as a financial liability (in liabilities to banks or liabilities to customers, depending on the counterparty). Interest payments agreed are reported as interest expenses over the respective terms.

Reverse repo transactions are reported accordingly as loans and advances to banks and customers and are allocated to the loans and receivables (LaR) category. Securities for sale and repurchase which constitute the basis of the financial transaction are not reported in the balance sheet. Interest resulting from such transactions is reported as interest income over the respective term.

Security sale agreements with a repurchase option were not concluded in the Group.

Principles which apply for reporting genuine repurchase transactions also apply for securities lending transactions. Securities lent are reported as security portfolios and measured in accordance with IAS 39, while borrowed securities are not reported. Cash collateral pledged for security lending transactions is reported as a claim and cash collateral received is reported as a liability.

With regard to the scope and the volume of security sale and repurchase agreements and securities lending transactions, we refer to note (65) Security sale and repurchase agreements and securities lending.

i) Securitisations

Various financial assets relating to lending business are securitised either in synthetic securitisation using credit derivatives or by non-recourse factoring to special purpose entities (SPEs), which in turn issue securities to investors (true sale securitisation). Interest and capital repayments resulting from such securities are directly linked to the performance of the underlying claim, and not to that of the issuer.

The accounting of such transactions depends on the method of securitisation. Assets relating to synthetic securitisation remain in the balance sheet and are reported with the credit derivatives concluded in accordance with IAS 39 regulations. In the case of true sale securitisation, the assets are written off when the opportunities and risks relating to these assets have been (virtually) fully transferred to the SPE. With securitisation transactions normally (virtually) all of the opportunities and risks are transferred to the SPE or the buyer. Assets of consolidated SPEs remain in the NORD/LB Group's consolidated balance sheet.

(8) Risk provisions

Risks relating to lending business are accounted for by forming specific valuation allowances, lumpsum specific loan loss provisions and general loan loss provisions.

Recoverability is reviewed for all significant claims at individual transaction level. Loan loss provisions cover all recognisable credit risks in the form of specific valuation allowances. A valuation allowance is required when observable criteria indicate that it is likely that not all the interest and capital repayments or other obligations will be met on time. The essential criteria for a valuation allowance are for example the default on interest and capital payments or a delay in such payments of more than 90 days and considerable financial difficulties on the part of the debtor. The amount of the specific valuation allowance is calculated as the difference between the book value and the recoverable amount as the present value of the anticipated future cash flows.

If the criteria for a valuation allowance have been met for claims which are not significant, these claims are concentrated in narrowly defined portfolios with similar risk structures, measured by a standard method and are the subject of an appropriate lumpsum specific loan loss provision. The calculation is made on the basis of historical probabilities of default and loss rates.

To cover impairments which have occurred but have not yet been identified, general loan loss provisions are made. These are calculated on the basis of historical probabilities of default and loss rates, with the portfolio-specific LIP factor (loss identification period factor) also being considered.

The parameters employed in the lumpsum specific loan loss provisions and the general loan loss provisions are derived from the Basel II system.

The total amount of loan loss provisions resulting from balance sheet business is recognised as a separate item under assets in the balance sheet.

Risks relating to off-balance sheet transactions (guarantees, endorsement liabilities and loan commitments) are accounted for by a loan loss provision.

Irrecoverable loans for which there is no specific valuation allowance are written off immediately. Payments received for written-off loans and advances are recognised in profit or loss.

Financial assets classified as LaR are only written off directly.

(9) Property and equipment

Property and equipment are recognised at cost on the date of addition. Property and equipment subject to wear are reported upon subsequent measurement less scheduled straight-line depreciation charged over the useful life. Impairments are charged at the amount at which the carrying amount exceeds the higher amount of fair value less the cost of disposal and value in use of the asset. If reasons for impairment no longer exist, write-ups (appreciations in value) are carried out, but not in excess of the amount of amortised cost. Scheduled depreciation is recognised under administrative expenses and impairments and write-ups in other operating profit/loss.

Property and equipment is depreciated over the following periods:

	Property and equipment is amortised over the following periods: Useful life in years
Land and buildings	10–50
Operating and office equipment	3–25
Ships	25
Other property and equipment	3–25

(10) Leases

In accordance with IAS 17, leases must be classified as finance or operating leases at the inception of a lease. If significant opportunities and risks associated with ownership are transferred to the lessee, the lease is classified as a finance lease and the leased asset is accounted for by the lessee. If significant opportunities and risks associated with ownership are not transferred to the lessee, the lease is classified as an operating lease and the leased asset is accounted for by the lessor.

Finance Lease

If the NORD/LB Group is considered to be the lessor, a receivable to the amount of the lessee's payment obligations resulting from the lease is reported at the inception of the lease. The receivable is reported at the net investment value (difference between the gross investment in the lease and finance income not yet realised) and is shown in other loans and advances to banks or loans and advances to customers. Any additional costs incurred are spread over the term of the contract.

Lease payments relating to a finance lease are split into a capital and an interest amount. The capital amount is deducted from loans and advances directly in equity. The interest amount is accounted for as interest income through profit or loss.

Finance lease contracts are only of minor significance for the NORD/LB Group as the lessor.

No finance lease agreements have been concluded with the NORD/LB Group as the lessee.

Operating Lease

If the Group is considered to be the lessee in operating leases, lease payments made are reported as an expense in other administrative expenses. Initial direct costs (for example costs for appraisers) are immediately recognised through profit or loss.

Operating lease contracts are only of minor significance for the NORD/LB Group as the lessee.

No operating lease agreements have been concluded with the NORD/LB Group as the lessee.

(11) Investment property

Investment property is considered to be land and buildings or parts of buildings held to generate rental income and/or for the purpose of capital appreciation. Properties where more than 20 per cent of the leased floor space is utilised by third parties are examined to determine whether the part used by third parties can be separated. If this is not the case then the whole property is reported in property and equipment.

Investment property is reported at cost on the date of acquisition; transaction costs are included in initial measurement. Subsequent costs are capitalised if they result in a significant improvement in the asset and therefore increase the future economic benefit of the asset.

Scheduled straight-line depreciation is charged upon subsequent measurement of investment property. Impairments are charged at the amount at which the carrying amount exceeds the higher amount of fair value less the cost of disposal and value in use of the asset. If the reasons for impairment cease to exist, impairment losses are reversed, but not above the amortised cost. Scheduled depreciation is recognised under administrative expenses and impairments and write-ups in other operating profit / loss.

Investment property is depreciated over a period of 30 to 50 years.

The income value method is used, based on market data, to calculate the fair value of investment property. The valuation is carried out in part by independent experts.

(12) Intangible assets
Intangible assets which are acquired by the NORD/LB Group are reported at cost of acquisition and internally developed intangible assets are reported at cost of production provided that the criteria for recognition required under IAS 38 are met.

Scheduled straight-line amortisation over the useful life is charged for intangible assets with a finite useful life. Impairments are charged at the amount at which the carrying amount exceeds the higher of fair value less cost of disposal and value in use of the asset for intangible assets with a finite useful life. If the reasons for the impairment no longer exist, write-ups are carried out, but not in excess of the amortised cost. Scheduled depreciation is recognised under administrative expenses and impairments and write-ups in other operating profit / loss.

Intangible assets with a finite useful life are amortised over a period of three to twenty years.

Intangible assets with an indefinite useful life are tested at least once a year in the fourth quarter for their recoverability. The value of goodwill is reviewed on the basis of cash generating units (CGUs).

(13) Assets held for sale
Non-current assets or disposal groups held for sale whose carrying amounts are realised through a sale and not through operational use are recognised in separate balance sheet items. Such assets are measured at fair value less costs of disposal provided that these costs do not exceed the carrying amount. Non-current assets held for sale are no longer amortised as at the date of reclassification. Impairment losses resulting from non-current assets and disposal groups held for sale are, however, taken into account.

No entire business divisions were discontinued in 2011 or in 2010.

(14) Provisions for pensions and similar obligations
The NORD/LB Group's company pensions are based on several retirement benefit systems. On the one hand employees acquire an entitlement to a pension through a defined contribution made by the Group to an external pension fund (defined contribution plan). In this case contributions are reported as current expenses on application of IAS 19 financial reporting regulations for defined contribution plans. No pension provisions need to be made.

Employees also acquire entitlements to pensions with defined benefits, dependent on factors such as anticipated wage and salary increases, age, length of service and a forecast pension trend (defined benefit plan). These mainly concern various pension modules, with benefits for reduction in earnings capacity and dependent's pensions also being granted in addition to a retirement pension, depending on the occurrence of the insured event. There are also entitlements to allowance payments.

Different occupational pension schemes are in place in the NORD/LB Group, with commitments based on collective bargaining employment agreements or on individual contractual commitments. Significant occupational pension schemes in this case are the total benefit commitment according to German civil service law, the benefit ordinance from 1973 and the benefit ordinance from 2000. The accounting regulations according to IAS 19 for defined benefit plans are applied for these retirement benefit schemes.

The components of the provisions for pensions to be recognised through profit or loss comprise service costs and interest costs on the present value of the liability. In this case anticipated net income from the plan assets reduces the pension expenditure. Furthermore a service cost to be subsequently settled is to be recognised through profit or loss if necessary. Interest expenses and anticipated earnings from plan assets are shown in net interest income.

The NORD/LB Group reports the full amount of actuarial gains and losses using the equity method in order to prevent the repayment of actuarial gains or losses which have not yet been accounted for through profit or loss from decreasing or increasing pension expenditure. Actuarial profits accumulated in equity in accordance with IAS 19.93A amount to € 373 million (€ 411 million) before taking into account deferred taxes and minority interests. Disposals in the year under review amount to € 39 million.

Pension obligations from defined benefit plans are calculated by independent actuaries as at the balance sheet date in accordance with the projected unit credit method. For the purpose of calculation, the discount rate for first-class industrial securities and anticipated future salary and pension increase rates are taken into account in addition to biometric assumptions.

The following actuarial assumptions serve as a basis for domestic and foreign calculations:

(in %)	Actuarial assumptions
Domestic	
Actuarial interest rate	5,10
Increase in salaries	2 – 4,50
Increase in pensions (contingent on the occupational pension scheme)	1 – 4,50
Cost increase rate	–
Mortality, invalidity, etc.	Based on Heubeck 2005G mortality tables
Anticipated plan asset yield	3,45
Abroad (weighted parameters)	
Actuarial interest rate	4,77
Increase in salaries	3,87
Increase in pensions	2,81
Mortality, invalidity, etc.	USA 1994 GAM GB AxC00 and PxCA00 Luxembourg Grand Ducal regulation of 15 January 2001
Anticipated plan asset yield	5,82
Inflation	2,68

(15) Other provisions

Other provisions are established in accordance with IAS 37 and IAS 19 for uncertain liabilities to third parties and anticipated losses on pending transactions if utilisation is likely and if its amount can be reliably determined. Provisions are measured as the best estimate. This is based on the assessment of management taking into account empirical values and, if necessary, experts' reports or opinions. Risks and uncertainties are taken into account. Future events which may influence the amount required to meet an obligation are only included if there are objective indications of their occurrence. Provisions are discounted if the effect is material.

(16) Insurance contracts

Insurance contracts are recognised in current balance sheet and income statement items. Where these significant components of a balance sheet and income statement item refer to sector-specific insurance contracts, information is presented in the corresponding notes. In particular notes (23), (29), (44), (51) and (53) are referred to. Insurance company investments that fall within the scope of application of IAS 39 are recognised in accordance with accounting policies which apply for the entire Group. Investments for the account and risk of holders of life insurance policies are reported at fair value through profit or loss.

In accordance with IFRS 4.13, insurers may temporarily report insurance items in accordance with the previously applied accounting regulations. Provisions relating to insurance are therefore reported and measured in accordance with commercial law in keeping with IFRS 4.25. For consolidated insurers this law is German commercial law, and in particular §§ 341 to 341p of the German Commercial Code (HGB), the German Law Regulating Insurance Companies (VAG) and the German Insurance Accounting Ordinance (RechVersV). Unlike under the German Commercial Code, an equalisation provision or similar provision is not allowed to be made under IFRS.

The application of German accounting principles to measure insurance obligations in accordance with IFRS 4 also involves the principle of prudence. In this case, in the event of uncertainty concerning the amount of a value, the tendency is to include a conservative value instead of the most probable value. This ensures that when values are determined in accordance with German commercial law, liability adequacy tests in accordance with IFRS 4.14 (b) will already have been performed.

Premium surpluses for insurance contracts concluded directly have been calculated in accordance with the 360th system in accordance with the communication of the German Federal Finance Ministry of 30 April 1974. Reinsurer shares are taken from their calculation. Premium surpluses for insurance contracts taken over as reinsurance are assumed in accordance with the functions of the previous insurance company.

Actuarial reserves for insurance contracts concluded directly, including the relevant share in surpluses and the corresponding claims on policy holders, are calculated on an individual contract basis with implicitly calculated costs for each insurance contract. With the exception of unit-linked life insurance and annuity insurance policies, prospective methods are applied here. Calculations of bonus and administrative cost provisions for existing and new contracts are based on the same accounting principles as for the relevant primary insurance policy. The biometric accounting principles employed have been derived from Deutsche Aktuarvereinigung e.V. (German Association of Actuaries) and comply with requirements of the General Equal Treatment Act (AGG).

In insurance contracts directly concluded, individual provisions for unsettled insurance claims are created for each reported insurance claim and adjusted if necessary if new findings are made. Long-tail claims are reported globally on the basis of statistical measurement methods. Reinsurer shares were taken over from their calculation. A corresponding provision is established for redemptions in the case of paid-up and cancelled insurance policies. The provision for business assumed as reinsurance is reported in accordance with the functions of the previous insurance company. Some of the values stated are estimates due to the late submission of final accounts.

The provision for the reimbursement of premiums contains amounts which have been provided for future distribution to policy holders in accordance with the law or the statutes. Calculations for final surplus share funds contained in provisions for the reimbursement of insurance contributions are prospective and have all been calculated on an individual contract basis. Amounts resulting from temporary differences between conclusions according to IAS/IFRSs and those according to German commercial law are proportionately allocated to a deferred provision for the reimbursement of insurance contributions.

Insofar as the investment risk is borne by policy holders, the retrospective method is applied for calculating the value of insurance provisions in life insurance from the current investment units of the individual insurers in the corresponding item on “Investments for the account and risk of holders of life insurance policies”.

Financial assets and liabilities specific to insurance held in the Group are accounted for in accordance with IFRS 4. These are net deposit receivables and payables from lending and deposit reinsurance business, amounts receivable and amounts payable from reinsurance business and amounts receivable and amounts payable under direct insurance contracts. These items are recognised at their nominal value. Any allowances required for receivables from insurance contracts concluded directly are reported in loan loss provisions.

(17) Income taxes

Current income tax assets and tax liabilities were calculated at currently valid tax rates to the amount expected to be received from/paid to the respective tax authority or to the amount of tax refunds expected to be received from the respective tax authority.

Deferred tax assets and tax liabilities are calculated on the basis of the difference between the carrying amount of an asset or a liability in the balance sheet and the corresponding tax value. In this case, deferred tax assets and tax liabilities will probably result in effects which increase or reduce income tax in future periods due to temporary differences. They were measured on the basis of tax rates expected to be valid in the period in which an asset is realised or an obligation is met. In this case tax rates (and tax regulations) which are valid for individual companies on the balance sheet date or which have been resolved by the reporting date are applied.

Deferred tax income for carrying forward tax losses not yet utilised and tax credits not yet utilised is only reported to the extent that it is probable that taxable future income will be available for applying tax losses not yet utilised and tax credits not yet utilised.

Current income tax assets and tax liabilities as well as deferred tax assets and tax liabilities are offset when requirements for netting are met. They are not discounted. Depending on the handling of underlying circumstances, deferred tax assets and tax liabilities are reported either through profit or loss or using the equity method.

Income tax assets and income tax liabilities are shown separately in the balance sheet and separated into actual and deferred assets and liabilities for the year under review. The carrying amount of deferred tax asset is reviewed for recoverability as at every balance sheet date.

Taxes on earnings or income tax proceeds are recognised in the income tax item in the consolidated income statement.

(18) Subordinated capital

The item subordinated capital comprises secured and unsecured subordinated liabilities, participatory capital and silent participations. Most of the NORD/LB Group’s silent participations are classified as debt in accordance with regulations specified in IAS 32 due to contractual cancellation rights; under the German Commercial Code silent participations always qualify as equity. For regulatory purposes in accordance with the German Banking Act, they are primarily recognised as liable equity.

Subordinated capital is basically reported at amortised cost. Premiums and discounts are distributed over the term in accordance with the effective interest method and are recognised through profit or loss in net interest income. Deferred interest not yet due is allocated directly to the corresponding items in subordinated capital.

Segment Reporting

The segment reporting provides information on the business areas of the Group. Further information on the interpretation of the figures can be found in the Group management report under “Development of the Business Segments”. 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 (2) Adjustment of figures for the previous year).

Segment reporting by business segment

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

An important criterion for the formation of segments is the greatest possible homogeneity of the customers aggregated in the segment in relation to financing and investment requirements and the products demanded. It is not possible to recognise dependencies on individual customers. The product ranges offered in the segments are described below and the earnings generated are shown in the overview. Aggregation currently does not take place at product level in the Group due to the different product definitions in the Group. The product range offered comprises traditional lending business and syndicate business, savings and giro products, securities, currency and derivative transactions, complex structured financing solutions, private banking products, 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, 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 risk provisions and valuation on committed capital (here 5 per cent of the higher value of the RWA limits and the amount called on). Calculation of the return on equity at Group level complies with the standard international definitions of financial ratios and refers to earnings before taxes (less interest expenses for silent investments in reported equity) on long-term equity under commercial law (issued capital plus capital reserves, retained earnings and minority interests less silent investments in reported equity).

A capital charge of five per cent of risk-weighted asset values is used to calculate the capital employed in the segments. These are based on 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 following segments are reported by business segment in the segment reporting:

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

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

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

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

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

Corporate Customers
The Corporate Customers segment includes all of the NORD/LB business conducted with corporate customers in the core regions (excluding the Altes Braunschweiger Land region) and in neighbouring regions, and in particular Agricultural Banking and Residential Housing. As a full-service provider, banking products and banking services are offered. The services include traditional transaction management, tailored business financing, management of interest and currency risk and solutions for company pension schemes. In the Corporate Customers segment comprehensive solutions are developed for complex business financing and for the strategic positioning of corporate customers. This division also provides its customers with a professional, conceptual liquidity and risk management, measures for the structuring of equity and innovative financing instruments. The remaining results (to 30 June 2011) of Skandifinanz AG, Zurich, are also shown in this segment for the last time.

In the Energy and Infrastructure Customers, Ship and Aircraft Customers and Real Estate 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 Customers
Here NORD/LB AöR and Deutsche Hypo’s national and international financing of commercial real estate and Bremer Landesbank’s financing of community interest properties are aggregated. This normally concerns structured financing for large-volume commercial real estate projects and portfolios in Germany and abroad. Both interim finance for new construction projects and long-term loans for existing properties are offered.

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

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

Regions
The profit, segment assets and segment liabilities are allocated regionally based on the respective location of the branch or Group company. Consolidation issues are shown separately.

(19) Segment reporting by business segment

31 Dec. 2011 (in € million)	Private and Commercial Customers	Savings Bank Network	Financial Markets / Institutional Customers***)	Corporate Customers	Energy and Infrastructure Customers	Ships and Aircraft Customers	Real Estate Banking Customers	Group Management/ Others	Reconciliations	NORD/LB Group
Net interest income before loan loss provisions	297	62	421	234	153	401	245	– 12	– 37	1 763
Loan loss provisions	9	– 6	– 4	29	27	173	91	– 115	1	205
Net interest income after loan loss provisions	**288**	**68**	**425**	**205**	**126**	**227**	**154**	**104**	**– 38**	**1 559**
Net commission income	32	20	31	29	47	51	14	– 17	– 41	166
Profit/loss from financial instruments at fair value through profit or loss	12	9	– 200	16	5	13	4	33	47	– 61
Profit/loss from hedge accounting	–	–	–	–	–	–	–	130	–	130
Profit/loss from financial assets	– 3	–	– 77	1	–	–	–	40	–	– 41
Profit/loss from investments accounted for using equity method	–	–	2	–	–	–	–	– 2	–	–
Administrative expenses	313	53	154	72	49	49	56	330	15	1 091
Other operating profit/loss	74	2	104	– 2	–	1	3	– 22	– 90	69
Earnings before taxes (EBT)	**90**	**47**	**130**	**177**	**128**	**243**	**118**	**– 65**	**– 138**	**730**
Taxes	–	–	–	–	–	–	–	–	194	194
Consolidated profit	**90**	**47**	**130**	**177**	**128**	**243**	**118**	**– 65**	**– 332**	**536**
Segment assets	11 631	26 014	146 553	14 789	14 091	27 423	20 036	– 28 339	– 4 567	227 630
of which: investments at equity	–	–	33	–	–	–	–	354	–	387
Segment liabilities	9 858	6 726	197 971	6 841	4 324	3 573	13 234	– 22 406	7 508	227 630
Risk-weighted assets	4 956	1 540	18 537	9 805	8 143	34 304	19 518	1 476	– 13 480	84 800
Capital employed*)	263	77	928	490	407	1 715	976	47	1 466	6 369
CIR	75,4 %	56,6 %	43,1 %	25,9 %	24,0 %	10,6 %	21,2 %			52,8 %
RoRaC/RoE**)	33,0 %	49,6 %	9,8 %	29,7 %	23,9 %	14,2 %	11,1 %			10,6 %

31 Dec. 2010 (in € million)	Private and Commercial Customers	Savings Bank Network	Financial Markets / Institutional Customers***)	Corporate Customers	Energy and Infrastructure Customers	Ships and Aircraft Customers	Real Estate Banking Customers	Group Management/ Others	Reconciliations	NORD/LB Group
Net interest income before loan loss provisions	293	63	511	226	160	374	248	– 99	– 115	1 661
Loan loss provisions	11	16	10	68	42	180	110	205	1	642
Net interest income after loan loss provisions	**282**	**47**	**501**	**158**	**119**	**194**	**138**	**– 304**	**– 116**	**1 020**
Net commission income	33	16	51	26	51	60	27	– 55	– 12	198
Profit/loss from financial instruments at fair value through profit or loss	7	7	– 308	9	2	18	1	142	83	– 38
Profit/loss from hedge accounting	–	–	–	–	–	–	–	151	2	153
Profit/loss from financial assets	1	–	– 4	–	–	–	–	87	– 3	82
Profit/loss from investments accounted for using equity method	– 95	–	3	–	–	–	–	18	–	– 73
Administrative expenses	326	52	149	71	42	45	67	299	18	1 070
Other operating profit/loss	79	1	10	–	–	2	–	14	– 59	48
Earnings before taxes (EBT)	**– 17**	**19**	**105**	**122**	**130**	**230**	**99**	**– 245**	**– 123**	**319**
Taxes	–	–	–	–	–	–	–	–	5	5
Consolidated profit	**– 17**	**19**	**105**	**122**	**130**	**230**	**99**	**– 245**	**– 128**	**314**
Segment assets (31 Dec. 2010)	11 954	27 447	141 361	14 172	14 168	26 662	21 961	– 25 851	– 3 350	228 524
of which: investments at equity	–	–	32	–	–	–	–	370	–	402
Segment liabilities (31 Dec. 2010)	10 048	5 627	198 415	7 921	4 159	3 924	12 586	– 26 117	11 961	228 524
Risk-weighted assets	5 167	1 761	21 909	10 721	8 967	34 840	21 396	4 595	– 22 506	86 850
Capital employed*)	411	88	1 098	536	448	1 742	1 070	74	– 716	4 751
CIR	102,2 %	60,0 %	55,8 %	27,2 %	19,8 %	9,9 %	24,3 %			54,9 %
RoRaC/RoE**)	– 3,1 %	19,8 %	7,6 %	18,6 %	26,4 %	13,2 %	9,3 %			5,6 %

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

(in € million)	31 Dec. 2011	31 Dec. 2010
Long-term equity under commercial law	6 369	4 751
Revaluation reserve	– 546	63
Currency translation reserve	– 3	– 8
Accumulated profits	585	177
Silent participations in reported equity	139	818
Reported equity	**6 544**	**5 801**

**) By business segment RoRaC: (earnings before taxes) / core capital employed (5 percent of the higher value coming from RWA-Limit or usage amount)

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

***) Sales income in 2011 not related to Financial Markets = € 59,2 million (€ 51,6 million)

(20) Segment reporting by geographical segment

31 Dec. 2011 (in € million)	Federal Republic of Germany	Europe excluding Germany	America	Asia	Consolidation	NORD/LB Group
Earnings before taxes (EBT)	430	30	169	42	59	730
Segment assets	226 299	28 881	7 523	6 245	– 41 318	227 630
Segment liabilities	226 299	28 881	7 523	6 245	– 41 318	227 630
Risk-weighted assets	72 111	7 387	5 735	2 372	– 2 804	84 800
Capital employed	5 867	369	287	119	– 273	6 369
CIR	55,9 %	45,2 %	22,5 %	25,8 %		52,8 %
RoRaC/RoE *)	7,3 %	8,1 %	59,1 %	35,3 %		10,6 %

31 Dec. 2010 (in € million)	Federal Republic of Germany	Europe excluding Germany	America	Asia	Consolidation	NORD/LB Group
Earnings before taxes (EBT)	297	– 58	9	42	30	319
Segment assets	225 197	30 963	7 523	7 292	– 42 451	228 524
Segment liabilities	225 197	30 963	7 523	7 292	– 42 451	228 524
Risk-weighted assets	68 067	10 027	7 095	2 811	– 1 149	86 850
Capital employed	3 956	640	355	141	– 340	4 751
CIR	60,1 %	122,3 %	41,3 %	24,6 %		54,9 %
RoRaC/RoE *)	7,5 %	– 9,1 %	2,4 %	29,6 %		5,6 %

*) By business segment RoRaC:
(earnings before taxes) / core capital employed
(5 percent of the higher value coming from RWA-Limit or usage amount)

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

Notes to the income statement

(21) 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.– 31 Dec. 2011 (in € million)	1 Jan.– 31 Dec. 2010 (in € million)	Change (in %)
Interest income			
Interest income from lending and money market transactions	5 020	5 197	– 3
Interest income from fixed-income and book entry securities	1 490	1 496	–
Interest income from financial instruments at fair value			
Interest income from trading profit/loss and hedge accounting derivatives	6 186	5 373	15
Interest income from fair value option	77	90	– 14
Current income			
from shares and other variable-yield securities	8	11	– 27
from investments	77	17	> 100
Interest income from other amortisations	127	326	– 61
Other interest income and similar income	9	10	– 10
	12 994	**12 520**	**4**
Interest expense			
Interest expense from lending and money market transactions	2 926	2 904	1
Interest expense from securitised liabilities	1 898	2 095	– 9
Interest expense from financial instruments at fair value			
Interest expense from trading profit/loss and hedge accounting derivatives	5 541	4 741	17
Interest expense from fair value option	297	316	– 6
Interest expense from subordinated capital	331	326	2
Interest expense from other amortisations	151	397	– 62
Interest expense from provisions and liabilities	74	71	4
Other interest expenses and similar expenses	13	8	63
	11 231	**10 858**	**3**
Total	**1 763**	**1 662**	**6**

Interest income from lending and money market transactions includes interest income relating to impaired loans (unwinding) of € 56 million (€ 49 million).

The interest income includes € 6 637 million (€ 7 019 million) relating to income from financial instruments which are not measured at fair value through profit or loss. The interest expenses include € 5 306 million (€ 5 722 million) relating to expenses from financial instruments which are not measured at fair value through profit or loss.

(22) Loan loss provisions

	1 Jan. – 31 Dec. 2011 (in € million)	1 Jan. – 31 Dec. 2010 (in € million)	Change (in %)
Income from loan loss provisions			
Reversal of specific valuation allowance	330	264	25
Reversal of lumpsum specific loan loss provisions	16	20	– 20
Reversal of general loan loss provisions	100	82	22
Reversal of provisions for lending business	108	43	> 100
Reversal of portfolio-based provisions for lending business	50	5	> 100
Reversal of other provisions for lending business	58	38	53
Additions to receivables written off	25	21	19
	579	**430**	**35**
Expenses for loan loss provisions			
Allocation to specific valuation allowance	625	660	– 5
Allocation to lumpsum specific loan loss provisions	10	13	– 23
Allocation to general loan loss provisions	11	297	– 96
Allocation to provisions for lending business	53	76	– 30
Allocation to portfolio-based provisions for lending business	10	21	– 52
Allocation to other provisions for lending business	43	55	– 22
Direct write-offs of bad debts	83	25	> 100
Premium payments for credit insurance	2	1	100
	784	**1 072**	**– 27**
Total	**– 205**	**– 642**	**– 68**

(23) Net commission income

	1 Jan. – 31 Dec. 2011 (in € million)	1 Jan. – 31 Dec. 2010 (in € million)	Change (in %)
Commission income			
Lending and guarantee business	78	95	– 18
Account management and payment transactions	43	42	2
Trust activities	40	57	– 30
Security transactions and custody service	34	32	6
Brokerage business	30	23	30
Insurance business	9	8	13
Other commission income	68	81	– 16
	302	**338**	**– 11**
Commission expense			
Lending and guarantee business	16	14	14
Account management and payment transactions	2	2	–
Trust activities	26	35	– 26
Security transactions and custody service	24	24	–
Brokerage business	10	8	25
Insurance business	30	29	3
Other commission expenses	28	29	– 3
	136	**141**	**– 4**
Total	**166**	**197**	**– 16**

Commission income includes income from financial instruments which are not measured at fair value through profit or loss in the amount of € 156 million (€ 170 million). Commission expenses include expenses from financial instruments which are not measured at fair value through profit or loss in the amount of € 41 million (€ 41 million).

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

	1 Jan. – 31 Dec. 2011 (in € million)	1 Jan. – 31 Dec. 2010 (in € million)	Change (in %)
Trading profit / loss			
Realised profit / loss			
Profit / loss from debt securities and other fixed-interest securities	23	43	– 47
Profit / loss from shares and other variable-yield securities	– 11	6	> 100
Profit / loss from derivatives	54	853	– 94
Profit / loss from receivables held for trading	25	47	– 47
	91	**949**	**– 90**
Profit / loss from valuation			
Profit / loss from debt securities and other fixed-interest securities	36	– 13	> 100
Profit / loss from shares and other variable-yield securities	– 8	4	> 100
Profit / loss from derivatives	89	– 844	> 100
Profit / loss from receivables held for trading	75	– 32	> 100
	192	**– 885**	**> 100**
Foreign exchange gains	–	63	– 100
Other income	4	3	33
	287	**130**	**> 100**
Profit / loss from the use of fair value option			
Realised profit / loss			
from debt securities and other fixed-interest securities	– 58	–	–
from liabilties to banks and customers	123	93	32
from securitised liabilties	67	– 70	> 100
	132	**23**	**> 100**
Profit / loss from valuation			
from loans and advance to banks and customers	15	6	> 100
from debt securities and other fixed-interest securities	78	11	> 100
from shares and other variable-yield securities	– 1	1	> 100
from liabilities to banks and customers	– 422	– 169	> 100
from securitised liabilities	– 148	– 40	> 100
from other activities	– 2	–	–
	– 480	**– 191**	**> 100**
	– 348	**– 168**	**> 100**
Total	**– 61**	**– 38**	**– 61**

Commission income from trading activities in the amount of € 4 million (€ 4 million) is reported under other income.

(25) Profit / loss from hedge accounting

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

	1 Jan. – 31 Dec. 2011 (in € million)	1 Jan. – 31 Dec. 2010 (in € million)	Change (in %)
Profit / loss from micro fair value hedges			
from hedged underlying transactions	390	24	> 100
from derivatives employed as hedging instruments	– 358	8	> 100
	32	**32**	**–**
Profit / loss from portfolio fair value hedges			
from hedged underlying transactions	– 447	– 179	> 100
from derivatives employed as hedging instruments	545	300	82
	98	**121**	**– 19**
Total	**130**	**153**	**– 15**

(26) Profit / loss from financial assets

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

	1 Jan. – 31 Dec. 2011 (in € million)	1 Jan. – 31 Dec. 2010 (in € million)	Change (in %)
Profit / loss from financial assets classified as LaR	**– 33**	**– 18**	**– 83**
Profit / loss from financial assets classified as AfS (excluding investments)			
Profit / loss from the disposal of			
debt securities and other fixed-interest securities	68	46	48
shares and other variable-yield securities	4	6	– 33
Profit / loss from allowances for losses on			
debt securities and other fixed-interest securities	– 103	– 24	> 100
shares and other variable-yield securities	– 11	– 11	–
	– 42	**17**	**> 100**
Profit / loss from shares in companies (not consolidated)	**34**	**83**	**– 59**
Total	**– 41**	**82**	**> 100**

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

The profit / loss from investments accounted for using the equity method is summarised below. It shows the contributions to earnings of joint ventures and associated companies accounted for using the equity method.

	1 Jan. – 31 Dec. 2011 (in € million)	1 Jan. – 31 Dec. 2010 (in € million)	Change (in %)
Shares in joint ventures			
Income	4	2	100
Expenses	–	96	– 100
	4	**– 94**	**> 100**
Shares in associated companies			
Income	39	33	18
Expenses	43	12	> 100
	– 4	**21**	**> 100**
Total	**–**	**– 73**	**100**

(28) Administrative expenses

	1 Jan. – 31 Dec. 2011 (in € million)	1 Jan. – 31 Dec. 2010 (in € million)	Change (in %)
Staff expenses			
Wages and salaries	454	440	3
Social insurance contributions	66	60	10
Expenditure on pension schemes and other benefits	33	33	–
Other staff expenses	7	7	–
	560	**540**	**4**
Other administrative expenses			
Costs for IT and communications	204	200	2
Building occupancy costs	47	44	7
Expenses for marketing, communications and entertainment	29	28	4
Personnel-related material expenses	27	30	– 10
Costs for legal, auditing, appraisal and consulting services	64	75	– 15
Levies and contributions	23	33	– 30
Expenses for operating and office equipment	6	5	20
Other services	10	21	– 52
Other administrative expenses	34	32	6
	444	**468**	**– 5**
Amortisation and depreciation			
Property and equipment	43	29	48
Intangible assets	42	31	35
Investment properties	2	2	–
	87	**62**	**40**
Total	**1 091**	**1 070**	**2**

Expenditure on pension schemes and other benefits includes expenditure for defined contribution plans in the amount of € 1 million (€ 1 million).

An amount of € 12 million (€ 0 million) for ships is Included in the depreciation of property and equipment. This scheduled depreciation relates to the subsidiary KMU Shipping Invest GmbH, Hamburg that was fully consolidated for the first time with effect of 31 December 2010 in relation to restructuring commitments.

(29) Other operating profit / loss

	1 Jan. – 31 Dec. 2011 (in € million)	1 Jan. – 31 Dec. 2010 (in € million)	Change (in %)
Other operating income			
from the reversal of provisions	271	282	– 4
from insurance contracts	450	447	1
from other business	292	154	90
	1 013	**883**	**15**
Other operating expenses			
from allocation to provisions	344	401	– 14
from insurance contracts	343	291	18
from other business	257	143	80
	944	**835**	**13**
Total	**69**	**48**	**44**

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

Other operating income from insurance contracts is primarily the result of premium income (€ 375 million (€ 364 million)) and income from insurance contracts (€ 42 million (€ 50 million)).

Income from other business includes income from the disposal of receivables (€ 162 million (€ 18 million)), income from the chartering of ships relating to restructuring commitments in lending business (€ 50 million (€ 0 million)), reimbursements of costs (€ 15 million (€ 13 million)), rental income from investment property (€ 11 million (€ 11 million)), income from the redemption of the bank's own issues (€ 6 million (€ 12 million)) and income from IT services (€ 3 million (€ 3 million)).

Other operating expenses from insurance contracts mainly comprise indemnity expenses (€ 285 million (€ 234 million)) and expenses from reinsurance contracts (€ 50 million (€ 49 million)).

Expenses from other business essentially comprise expenses from the disposal of receivables (€ 78 million (€ 40 million)), expenses from the redemption of debt securities (€ 29 million (€ 49 million)), expenses to generate charter income from ships (€ 21 million (€ 0 million)), disposals of intangible and other assets (€ 4 million (€ 2 million)) and expenses from investment property (€ 2 million (€ 2 million)). Expenses from other business also include € 40 million (€ 0 million) for the bank levy provided for in the Restructuring Fund Act and adopted into national law in the 3rd quarter of 2011 with the separate Restructuring Fund Regulation.

(30) Income taxes

	1 Jan. – 31 Dec. 2011 (in € million)	1 Jan. – 31 Dec. 2010 (in € million)	Change (in %)
Current taxes on income and earnings	76	159	– 52
Deferred taxes	118	– 154	> 100
Total	**194**	**5**	**> 100**

The following tax reconciliation statement shows an analysis of the difference between the expected income taxes which would result from applying the German income tax rate to earnings before tax in accordance with IFRS and the income taxes actually reported.

(in € million)	1 Jan. – 31 Dec. 2011	1 Jan. – 31 Dec. 2010
IFRS earnings before taxes	**730**	**319**
Anticipated income tax expenditure	230	100
Effects of reconciliation:		
Effects of differing tax rates	15	– 9
Taxes from previous years reported in the reporting period	– 41	– 53
Effects of changes in tax rates	– 2	1
Non-creditable income taxes	– 1	1
Non-deductible operational expenditure	46	144
Effects of tax-free earnings	– 62	– 66
Effect of permanent accounting-related effects	– 61	– 76
Effects of write-ups / write-downs / recognition adjustments	45	– 48
Other effects	25	11
Reported income tax expense	**194**	**5**

Anticipated income tax expenditure in the tax reconciliation statement is calculated on the basis of the corporation tax rate of 15 per cent plus a solidarity surcharge of 5.5 per cent and the average trade tax rate of approximately 15.6 per cent, as valid in Germany in 2011. The income tax rate for Germany is therefore 31.5 per cent (31.5 per cent).

The deferred taxes of the Group entities in Germany are measured using the tax rate applicable as at or the future tax rate applicable as at the balance sheet date of 31.5 per cent (31.5 per cent).

Effects resulting from deviating tax rates are caused by differing tax rates in each country. The effects of write-ups / write-downs / recognition adjustments also include effects from the subsequent increase or decrease in the recognition of losses carried forward.

Notes to the statement of comprehensive income

Income tax effects fall upon the individual components of comprehensive income recognised directly in equity as follows:

(in € million)	1 Jan.– 31 Dec. 2011 Amount before taxes	1 Jan.– 31 Dec. 2011 Income tax effect	1 Jan.– 31 Dec. 2011 Amount after taxes	1 Jan.– 31 Dec. 2010 Amount before taxes	1 Jan.– 31 Dec. 2010 Income tax effect	1 Jan.– 31 Dec. 2010 Amount after taxes
Increase / decrease from available for sale (AfS) financial instruments	– 946	326	– 620	77	– 27	50
Changes in value investments accounted for using the equity method recognised directly in equity	16	–	16	– 18	–	– 18
Translation differences of foreign business units	13	–	13	13	–	13
Actuarial gains and losses for pensions for defined benefit obligations	– 41	12	– 29	– 15	5	– 10
Other	**– 958**	**338**	**– 620**	**57**	**– 22**	**35**

Notes to the balance sheet

(31) Cash reserve

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Cash on hand	233	329	– 29
Balances with central banks	563	740	– 24
Total	**796**	**1 069**	**– 26**

Of the balances with central banks, € 413 million (€ 628 million) are credit balances with Deutsche Bundesbank. The required minimum reserve was maintained at all times in the period under review and amounted to € 462 million (€ 387 million).

(32) Loans and advances to banks

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Loans and advances resulting from money market transactions			
German banks	4 449	5 415	– 18
Foreign banks	2 187	2 822	– 23
	6 636	**8 237**	**– 19**
Other loans and advances			
German banks			
Due on demand	1 074	584	84
With a fixed term or period of notice	20 429	22 465	– 9
Foreign banks			
Due on demand	223	298	– 25
With a fixed term or period of notice	4 566	5 150	– 11
	26 292	**28 497**	**– 8**
Total	**32 928**	**36 734**	**– 10**

Of the loans and advances to banks in Germany, € 10,884 million (€ 11,854 million) are loans and advances to associated savings banks.

(33) Loans and advances to customers

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Loans and advances resulting from money market transactions			
Domestic customers	3 901	2 049	90
Customers abroad	30	26	15
	3 931	**2 075**	**89**
Other loans and advances			
Domestic customers			
Due on demand	2 493	1 804	38
With a fixed term or period of notice	79 432	79 072	–
Customers abroad			
Due on demand	334	260	28
With a fixed term or period of notice	30 214	30 394	–
	112 473	**111 530**	**–**
Total	**116 404**	**113 605**	**2**

(34) Loan loss provisions

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Specific valuation allowance			
German banks	8	6	33
Foreign banks	10	83	– 88
Domestic customers	907	905	–
Customers abroad	252	318	– 21
	1 177	**1 312**	**– 10**
Lumpsum specific loan loss provisions			
Domestic customers	28	35	– 20
	28	**35**	**– 20**
General loan loss provisions			
Foreign banks	1	4	– 75
Domestic customers	461	548	– 16
Customers abroad	118	119	– 1
	580	**671**	**– 14**
Total	**1 785**	**2 018**	**– 12**

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

	Specific valuation allowance		Lumpsum specific loan loss provisions		General loan loss provisions		Provisions in lending business		Total	
(in € million)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
1 January	**1 312**	**1 291**	**35**	**44**	**671**	**472**	**172**	**135**	**2 190**	**1 942**
Allocations	625	660	10	13	11	297	53	76	699	1 046
Reversals	330	264	16	20	100	82	108	43	554	409
Utilisation	389	370	1	1	–	–	4	4	394	375
Unwinding	– 56	– 49	–	–	–	–	– 1	– 1	– 57	– 50
Effects from currency translation and other changes	15	44	–	– 1	– 2	– 16	1	9	14	36
31 December	**1 177**	**1 312**	**28**	**35**	**580**	**671**	**113**	**172**	**1 898**	**2 190**

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

This item contains the trading assets (HfT) and financial assets designated at fair value (DFV).

The trading activities of the Group comprise trading in debt securities and other fixed-interest securities, shares and other variable-yield securities and derivative financial instruments which are not used for hedge accounting.

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Trading assets			
Debt securities and other fixed-interest securities			
Bonds and debt securities			
issued by public-sector borrowers	470	782	– 40
issued by other borrowers	2 403	2 272	6
	2 873	**3 054**	**– 6**
Shares and other variable-yield securities			
Shares	36	112	– 68
Investment certificates	3	–	–
	39	**112**	**– 65**
Positive fair values from derivatives			
Interest rate risks	10 208	5 501	86
Currency risks	1 335	1 437	– 7
Share-price and other price risks	54	83	– 35
Credit derivatives	53	30	77
	11 650	**7 051**	**65**
Trading portfolio claims	2 244	2 502	– 10
Other trading assets	– 1	– 1	–
	16 805	**12 718**	**32**
Financial assets at fair value through profit or loss			
Loans and advances to banks and customers	257	242	6
Debt securities and other fixed-interest securities	1 572	2 132	– 26
Shares and other variable-yield securities	10	11	– 9
	1 839	**2 385**	**– 23**
Total	**18 644**	**15 103**	**23**

For receivables designated at fair value there is a maximum default risk of € 257 million (€ 242 million).

The change in the fair value, which is attributable to changes in the credit risk of receivables designated at fair value, amounts to € –2 million (€ 0 million) in the period under review; the cumulative change is € 3 million (€ 5 million).

The credit-risk-induced change in fair value is calculated on the basis of considering the difference between two fair values, which are calculated on the basis of market data applicable at the start of the year. This difference is solely the result of the change in the relevant spread curves which takes place during the course of the financial year.

(36) Positive fair values from hedge accounting derivates

This item includes positive fair values of hedging instruments in effective micro fair value hedges and portfolio fair value hedges.

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Micro fair value hedge derivatives	2 631	1 914	37
Portfolio fair value hedge derivatives	658	1 024	– 36
Total	**3 289**	**2 938**	**12**

(37) 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.

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Financial assets classified as LaR	**4 829**	**4 910**	**–**
Financial assets classified as AfS			
Debt securities and other fixed-interest securities			
Money market instruments			
issued by public-sector borrowers	34	30	13
issued by other borrowers	47	558	– 92
	81	**588**	**– 86**
Bonds and debt securities			
issued by public-sector borrowers	18 609	18 236	2
issued by other borrowers	30 124	33 827	– 11
	48 733	**52 063**	**– 6**
Shares and other variable-yield securities			
Shares	236	232	2
Investment certificates	121	139	– 13
Participation certificates	14	15	– 7
Other	1	2	– 50
	372	**388**	**– 4**
Shares in companies	482	717	– 33
Other financial assets classified as AfS	2	–	–
	49 670	**53 756**	**– 8**
Total	**54 499**	**58 666**	**– 7**

(38) Investments accounted for using the equity method

The shares in joint ventures in terms of IAS 31 and associated companies in terms of IAS 28 accounted for using the equity method are broken down as follows:

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Joint ventures			
Financial institutions	26	26	–
Other entities	–	1	– 100
	26	**27**	**– 4**
Associated companies			
Banks	162	185	– 12
Other entities	199	190	5
	361	**375**	**– 4**
Total	**387**	**402**	**– 4**

The development of investments accounted for using the equity method is as follows:

(in € million)	Joint ventures	Associated companies	Total
1 January 2010	**272**	**396**	**668**
Additions	2	49	51
Disposals	247	61	308
Depreciation	–	9	9
31 Dec. 2010	**27**	**375**	**402**
Additions	2	58	60
Disposals	3	29	32
Depreciation	–	43	43
31 Dec. 2011	**26**	**361**	**387**

The share of profits/losses for joint ventures and associated companies accounted for using the equity method are reported under additions and disposals, while impairments are reported under deprecation. Dividends received are reported under disposals.

Shares in investments accounted for using the equity method amounted to € 387 million (€ 402 million), a fall of € 15 million compared to the previous year. The development in the financial year 2011 is the result of the share of profits/losses in the amount of € 0 million (€ –128 million), changes recognised directly in equity in the amount of € 17 million (€ – 18 million) and distributions received in the amount of € – 28 million (€ – 23 million)) from joint ventures and associated companies accounted for using the equity method and reported under additions and disposals. This is seen alongside reductions in the capital of and deconsolidations of investments accounted for using the equity method in the amount of € 1 million.

In the financial year the carrying amount of equity was subject to unscheduled depreciation relating to LBS in the amount of € 43 million.

The table below summarises the financial information of joint ventures and associated companies accounted for using the equity method. The values shown represent the proportionate share of the capital held by the NORD/LB Group in the respective companies.

(in € million)	Joint ventures 31 Dec. 2011	Joint ventures 31 Dec. 2010	Associated companies 31 Dec. 2011	Associated companies 31 Dec. 2010
Short-term assets	58	67	790	831
Long-term assets	22	24	3 301	3 179
Short-term liabilities	37	55	361	314
Long-term liabilities	17	10	3 337	3 330
Total income	27	156	584	595
Total expenses	24	232	545	565
Contingent liabilities	138	140	44	42

(39) Property and equipment

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Land and buildings	345	310	11
Operating and office equipment	82	71	15
Ships	258	281	– 8
Other property and equipment	3	40	– 93
Total	**688**	**702**	**– 2**

(40) Investment property

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Investment property	93	96	– 3
Total	**93**	**96**	**– 3**

The carrying amount of investment property is € 93 million (€ 96 million). The fair value of investment property is € 125 million (€ 126 million).

The profit / loss from investment property is summarised as follows:

(in € million)	1 Jan.– 31 Dec. 2011	1 Jan.– 31 Dec. 2010
Rental income	11	11
Direct operating expenses	2	2

The development of cost and accumulated depreciation for property and equipment and investment property is shown as follows:

(in € million)	Land and buildings	Operating and office equipment	Ship	Other property and equipment	**Total**	Investment property
Cost as at 1 January 2010	**619**	**272**	**–**	**21**	**912**	**109**
Additions	8	18	–	33	**59**	10
Disposals	–	6	–	–	**6**	7
Transfers	8	–	–	– 8	**–**	–
Change from the basis of consolidation	–	– 2	281	– 5	**274**	–
Changes from currency translation	–	1	–	–	**1**	–
Total 31 December 2010	**635**	**282**	**281**	**41**	**1 239**	**112**
Accumulated depreciation as at 1 January 2010	**311**	**202**	**–**	**4**	**517**	**16**
Depreciation	12	17	–	–	**29**	2
Write-ups	–	1	–	–	**1**	–
Transfers	–	–	–	–	**–**	–
Additions	2	–	–	–	**2**	–
Disposals	–	6	–	–	**6**	2
Change from the basis of consolidation	–	– 1	–	– 3	**– 4**	–
Changes from currency translation	–	1	–	–	**1**	–
Total 31 December 2010	**325**	**211**	**–**	**1**	**537**	**16**
Closing balance as at 31 December 2010	**310**	**71**	**281**	**40**	**702**	**96**
Cost as at 1 January 2011	**635**	**282**	**281**	**41**	**1 239**	**112**
Additions	1	21	–	21	**43**	1
Disposals	–	10	–	2	**12**	4
Transfers	46	10	–	– 56	**–**	1
Changes from currency translation	–	–	– 11	–	**– 11**	–
Total 31 December 2011	**682**	**303**	**270**	**4**	**1 259**	**110**
Accumulated depreciation as at 1 January 2011	**325**	**211**	**–**	**1**	**537**	**16**
Depreciation	12	19	12	–	**43**	2
Disposals	–	9	–	–	**9**	1
Total 31 December 2011	**337**	**221**	**12**	**1**	**571**	**17**
Closing balance as at 31 December 2011	**345**	**82**	**258**	**3**	**688**	**93**

(41) Intangible assets

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Software			
Purchased	15	15	–
Internally generated	118	45	> 100
	133	**60**	**> 100**
Intangible assets under development	8	77	– 90
Goodwill	–	11	– 100
Other intangible assets	12	13	– 8
Total	**153**	**161**	**– 5**

The development of intangible assets is as follows:

(in € million)	Software Purchased	Software Internally generated	Goodwill	Other Purchased	Other Internally generated	Total
Cost as at 1 January 2010	**112**	**111**	**11**	**17**	**40**	**291**
Additions	4	4	–	–	48	56
Transfers	1	11	–	–	– 11	1
Change from the basis of consolidation	– 5	–	–	–	–	– 5
Total 31 December 2010	**112**	**126**	**11**	**17**	**77**	**343**
Accumulated depreciation as at 1 January 2010	**93**	**60**	**–**	**3**	**–**	**156**
Depreciation	9	21	–	1	–	31
Change from the basis of consolidation	– 5	–	–	–	–	– 5
Total 31 December 2010	**97**	**81**	**–**	**4**	**–**	**182**
Closing balance as at 31 December 2010	**15**	**45**	**11**	**13**	**77**	**161**
Cost as at 1 January 2011	**112**	**126**	**11**	**17**	**77**	**343**
Additions	8	35	–	–	14	57
Disposals	–	–	–	–	2	2
Transfers	1	70	–	–	– 71	–
Total 31 December 2011	**121**	**231**	**11**	**17**	**18**	**398**
Accumulated depreciation as at 1 January 2011	**97**	**81**	**–**	**4**	**–**	**182**
Depreciation	9	32	–	1	–	42
Impairments (non-scheduled)	–	–	11	–	10	21
Total 31 December 2011	**106**	**113**	**11**	**5**	**10**	**245**
Closing balance as at 31 December 2011	**15**	**118**	**–**	**12**	**8**	**153**

The write-down of goodwill relates entirely to the goodwill generated in the acquisition of Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover.

(42) Assets held for sale

Assets held for sale in accordance with IFRS 5 as at 31 December 2011 include solely property and equipment (buildings) in the amount of € 1 million (€ 1 million).

(43) Income tax assets

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Current income tax assets	60	70	– 14
Deferred tax assets	721	484	49
Total	**781**	**554**	**41**

Deferred tax assets reflect potential relief on income taxes from temporary differences in the values of assets and liabilities between the IFRS consolidated balance sheet and tax values in accordance with the tax regulations of the Group companies. Deferred tax assets which were offset directly against equity amounted to € 473 million as at 31 December 2011 (€ 132 million).

Deferred income tax assets were established in respect of the following balance sheet items and with tax losses not yet utilised:

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Assets			
Loans and advances to banks	29	8	> 100
Loan loss provisions	156	190	– 18
Financial assets at fair value through profit or loss	534	769	– 31
Financial assets	690	362	91
Property and equipment	41	21	95
Other assets	75	43	74
Liabilities			
Liabilities to customers	479	284	69
Securitised liabilities	142	101	41
Financial liabilities at fair value through profit or loss	322	271	19
Negative fair values from hedge accounting derivatives	943	574	64
Provisions	336	343	– 2
Other liabilities	103	78	32
Tax losses carried forward	32	110	– 71
Total	**3 882**	**3 154**	**23**
Net	3 161	2 670	18
Total	**721**	**484**	**49**

No deferred taxes were recognised on losses carried forward to the amount of € 177 million (corporation tax) and € 6 million (trade tax) due to a limited planning horizon and the resulting insufficient likelihood of their utilisation by 31 December 2011. There is no time limit on the utilisation of existing tax losses carried forward.

(44) Other assets

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Loans and advances on interim accounts	219	205	7
Assets from insurance contracts	145	150	– 3
Rights to reimbursement from defined benefit plans	19	19	–
Other assets including prepaid expenses	369	137	> 100
Total	**752**	**511**	**47**

The receivables in interim accounts primarily relate to receivables in lending business and transactions in payment accounts.

Assets relating to insurance contracts are assets from outwards reinsurance (€ 144 million (€ 150 million)) and direct insurance and reinsurance contracts (€ 1 million (€ 0 million)).

Reimbursement claims from defined benefit plans include allocated provisions for pensions to the benefit of parties outside the Group.

(45) Liabilities to banks

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Deposits from other banks			
German banks	2 754	229	> 100
Foreign banks	37	50	– 26
	2 791	**279**	**> 100**
Liabilities resulting from money market transactions			
German banks	14 375	17 269	– 17
Foreign banks	8 176	12 592	– 35
	22 551	**29 861**	**– 24**
Other liabilities			
German banks			
Due on demand	1 688	2 015	– 16
With a fixed term or period of notice	24 081	23 325	3
Foreign banks			
Due on demand	102	323	– 68
With a fixed term or period of notice	5 371	5 159	4
	31 242	**30 822**	**1**
Total	**56 584**	**60 962**	**– 7**

Of the liabilities to banks in Germany, € 2,991 million (€ 2,629 million) are due to associated savings banks.

(46) Liabilities to customers

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Savings deposits			
With an agreed notice period of three months			
Domestic customers	886	985	– 10
Customers abroad	20	21	– 5
With an agreed notice period of more than three months			
Domestic customers	561	455	23
Customers abroad	4	3	33
	1 471	**1 464**	**–**
Liabilities resulting from money market transactions			
Domestic customers	14 991	11 466	31
Customers abroad	2 881	3 062	– 6
	17 872	**14 528**	**23**
Other liabilities			
Domestic costumers			
Due on demand	8 865	9 530	– 7
With a fixed term or period of notice	33 354	33 541	– 1
Customers abroad			
Due on demand	570	494	15
With a fixed term or period of notice	1 190	1 185	–
	43 979	**44 750**	**– 2**
Total	**63 322**	**60 742**	**4**

(47) Securitised liabilities

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Issued debt securities			
Mortgage bonds	8 486	8 060	5
Municipal debentures	17 581	19 347	– 9
Other debt securities	36 127	36 314	– 1
	62 194	**63 721**	**– 2**
Money market instruments			
Commercial paper	3 246	4 691	– 31
Certificates of deposit	453	1 560	– 71
Other money market instruments	183	1 089	– 83
	3 882	**7 340**	**– 47**
Total	**66 076**	**71 061**	**– 7**

*) Previous year's figures were adjusted.

Repurchased debt securities issued by the bank itself have been directly deducted from securitised liabilities to the amount of € 8,136 million (€ 8,398 million).

(48) Balancing items for hedged financial instruments

This item includes the fair value adjustments to financial liabilities in portfolio fair value hedges for transactions classified as other liabilities (OL); these fair value adjustments are attributable to the hedged risk.

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

This item shows trading liabilities (HfT) and financial liabilities designated at fair value (DFV).

Trading liabilities comprise negative fair values resulting from derivative financial instruments which are not used in hedge accounting and delivery obligations resulting from short sales of securities.

The category financial liabilities designated at fair value includes liabilities to banks and customers, securitised liabilities and subordinated capital.

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Trading liabilities			
Negative fair values from derivatives relating to			
interest rate risks	9 869	5 855	69
currency risks	1 471	1 287	14
share-price and other price risks	73	58	26
credit derivatives	550	520	6
	11 963	**7 720**	**55**
Delivery obligations from short-sales	179	235	– 24
	12 142	**7 955**	**53**
Financial liabilities designated at fair value			
Liabilities to banks and customers	5 055	4 978	2
Securitised liabilities	3 306	3 638	– 9
Subordinated capital	26	25	4
	8 387	**8 641**	**– 3**
Total	**20 529**	**16 596**	**24**

The change in the fair value of liabilities designated at fair value is the result of changes in the credit risk and amounts to € 130 million (€ 5 million) in the period under review; the cumulative change is € 146 million (€ 19 million).

The credit-risk induced change in fair value is calculated on the basis of difference consideration. The amount stated is the result of the difference between the fair value determined on the balance sheet date on the basis of current market data as well as the current NORD/LB spread curves and the fair values calculated with the help of current market data and the NORD/LB spread curves used in previous reporting periods.

The carrying amount of liabilities designated at fair value as at 31 December 2011 is € 351 million higher (€ 2,123 million greater) than the corresponding repayment amount. The difference essentially comprises compounding effects from zero bond issues and is the difference between the discounted payment typical for zero bonds and their repayment at nominal value.

(50) Negative fair values from hedge accounting derivates

This item includes negative fair values of hedge instruments in effective micro fair value hedge relationships and portfolio fair value hedges.

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Micro fair value hedge derivatives	3 377	2 199	54
Portfolio fair value hedge derivatives	45	70	– 36
Total	**3 422**	**2 269**	**51**

(51) Provisions

Provisions are broken down as follows:

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Provisions for pensions and other obligations	**1 437**	**1 355**	**6**
Other provisions			
Provisions in lending business	113	172	– 34
Provisions for restructuring measures	30	39	– 23
Provisions for contingent losses	4	–	–
Provisions for uncertain liabilities	131	110	19
Provisions for insurance contracts	1 699	1 681	1
	1 977	**2 002**	**– 1**
Total	**3 414**	**3 357**	**2**

Provisions for pensions and similar obligations are derived as follows:

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Present value of defined benefit obligations	1 498	1 414	6
Less fair value of plan assets	– 61	– 59	3
Total	**1 437**	**1 355**	**6**

With regard to the allocation for pensions, there is a reimbursement claim against LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hanover, in the amount of € 19 million (€ 19 million) and this is reported in other assets.

The present value of defined benefit obligations can be reconciled from the opening to the closing balance of the period taking into account the effects of the items shown below:

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Opening balance	**1 414**	**1 364**	**4**
Current service cost	25	24	4
Interest expense	73	73	–
Actuarial gains / losses from the obligation	39	18	> 100
Increase / decrease resulting from currency translation	–	1	– 100
Benefits paid	– 62	– 57	9
Changes in the basis of consolidation	7	– 9	> 100
Effects from settlements / assignments (compensation payments)	2	–	–
Closing balance	**1 498**	**1 414**	**6**

In addition to pension commitments, the present value of defined benefit obligations includes allowance payments in the amount of € 120 million (€ 106 million).

The defined benefit obligation is broken down as at the balance sheet date into amounts for defined benefit plans in the amount of € 1,162 million (€ 1,087 million) which are not financed through a fund and into amounts from defined benefit obligations in the amount of € 336 million (€ 328 million) which are either fully or partially financed through a fund.

Based on experience, adjustments were made to the liabilities of the plan in the amount of € – 13 million (€ 27 million) and to the assets of the plan in the amount of € – 2 million (€ 3 million).

The fair value of plan assets developed as follows:

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Opening balance	**59**	**56**	**5**
Anticipated earnings from plan assets	3	3	–
Actuarial gains / losses from plan assets	– 3	3	> 100
Employer contributions	14	11	27
Contributions from participants of the plan	3	–	–
Benefits paid	– 15	– 14	7
Closing balance	**61**	**59**	**3**

The fair value of plan assets is broken down as follows:

(in %)	31 Dec. 2011	31 Dec. 2010
Equity instruments	18	17
Debt instruments	56	63
Real Estate	4	4
Other assets	22	16

The fair value of plan assets includes the bank's own debt instruments in the amount of € 34 million (€ 37 million), other internally utilised assets in the amount of € 13 million (€ 9 million) and own equity instruments in the amount of € 11 million (€ 10 million).

The anticipated yield from plan assets is ascertained separately for each plan. The yield of each asset category is taken into account and the ascertainment of the target value of the plan on the valuation date is used instead of the actual value. In addition to this, the expected long-term yield of the plan assets for each asset category is weighted with the aim of determining the development of the expected yield for the portfolio. Assessments are drawn up in cooperation with investment consultants and pension experts.

The actual amount of income generated by plan assets was € 2 million (€ 6 million), with the resulting difference to expected income amounting to € –1 million (€ 4 million) or –33 per cent (150 per cent).

The figure for allocations to/withdrawals from plan including the benefit payments made directly by the Group is expected to be € 56 million (€ 55 million) in the next reporting period.

Pension costs comprise the following:

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Current service cost	25	25	–
Interest expense	73	73	–
Anticipated earnings from plan assets	– 3	– 2	50
Anticipated earnings from reimbursement claims	2	–	–
Total	**97**	**96**	**1**

Overview of the amounts in the current period under review and previous reporting periods:

(in € million)	31 Dec. 2011	31 Dec. 2010	31 Dec. 2009
Defined benefit obligation	1 498	1 414	1 364
Plan assets	– 61	– 59	– 56
Deficit	1 437	1 355	1 308
Actuarial gains/losses	373	411	429
Experience adjustments to			
defined benefit obligation	– 13	27	– 23
plan assets	– 2	3	–

Assumptions on the development of costs in the medical sector have effects on the amounts shown for the health care schemes. A change in the assumed development of health costs of one percentage point would have had the following effects for the Group:

(in € million)	Increase by 1 percentage point 31 Dec. 2011	Increase by 1 percentage point 31 Dec. 2010	Decline by 1 percentage point 31 Dec. 2011	Decline by 1 percentage point 31 Dec. 2010
Effect on the obligation at the end of the year	24	24	– 19	– 20
Effect on total current service costs and interest expense for the past accounting period	2	2	– 2	– 1

The payments relating to defined benefit plans also include obligations relating to early retirement schemes, partial retirement schemes and long-service awards. These obligations are reported in other provisions.

Other provisions developed as follows in the year under review:

(in € million)	Provisions in lending business	Provisions for restructuring	Provisions for contingent losses	Provisions for uncertain liabilities		Insurance provisions	Total
				Provisions for liabilities to personnel	Other provisions for uncertain liabilities		
1 January	**172**	**39**	**–**	**29**	**81**	**1 681**	**2 002**
Utilisation	4	12	–	7	10	52	85
Reversals	108	–	–	1	5	266	380
Allocations	53	3	4	8	28	336	432
Effects from changes in interest rates	– 1	–	–	–	–	–	– 1
Changes from currency translation and other changes	1	–	–	8	–	–	9
31 December	**113**	**30**	**4**	**37**	**94**	**1 699**	**1 977**

Provisions for restructuring relate among other things to the implementation of the business model initiated in 2005.

Of the provisions for liabilities to personnel, provisions due to early retirement schemes account for € 16 million (€ 17 million) and provisions for long-service awards account for € 9 million (€ 9 million).

Insurance provisions mainly contain actuarial reserves in the amount of € 1,285 million (€ 1,265 million), provisions for known losses in the amount of € 226 million (€ 223 million) and provisions for the reimbursement of premiums in the amount of € 103 million (€ 115 million).

The remaining provisions are mainly due in the long term.

(52) Income tax liabilities

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Current Income tax liabilities	161	182	– 12
Deferred tax liabilities	4	6	– 33
Total	**165**	**188**	**– 12**

Current income tax liabilities comprise payment obligations from current income tax to domestic and foreign tax authorities.

Deferred tax liabilities reflect potential income tax liabilities from temporary differences between the values of assets and liabilities in the IFRS consolidated balance sheet and tax values in accordance with the tax regulations of the Group companies. Deferred tax liabilities which were offset directly against equity amounted to € 204 million as at 31 December 2011 (€ 200 million).

Deferred tax liabilities relate to the following balance sheet items:

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Assets			
Loans and advances to banks	32	26	23
Loans and advances to customers	213	142	50
Financial assets at fair value through profit or loss	260	299	– 13
Fair values from hedge accounting derivatives	851	702	21
Financial assets	623	333	87
Intangible assets	40	40	–
Property and equipment	10	10	–
Other assets	13	19	– 32
Liabilities			
Securitised liabilities	19	18	6
Financial liabilities at fair value through profit or loss	921	903	2
Provisions	120	133	– 10
Other liabilities	63	51	24
Total	**3 165**	**2 676**	**18**
Net	3 161	2 670	18
Total	**4**	**6**	**– 33**

(53) Other liabilities

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Liabilities resulting from unsettled invoices	50	33	52
Liabilities from premiums	2	1	100
Liabilities from short-term employee remuneration	54	44	23
Deferred income	43	46	– 7
Liabilities from payable taxes and social insurance contributions	25	31	– 19
Liabilities from interim accounts	282	222	27
Liabilities from insurance contracts	47	47	–
Other liabilities	253	144	76
Total	**756**	**568**	**33**

Liabilities from short-term employee remuneration comprise residual leave entitlements as well as compensation payments and bonuses; the latter are to be paid to employees in the Group in the first half of 2012.

The liabilities in interim accounts primarily relate to liabilities in lending business and transactions in payment accounts.

Liabilities from insurance contracts relate to liabilities from direct insurance and reinsurance contracts in the amount of € 10 million (€ 3 million).

Due to an agreement with a minority shareholder, there is a liability to buy own equity instruments. The corresponding financial liability is reported at fair value (proportionate enterprise value) in the amount of € 48 million (€ 71 million) under other liabilities.

(54) Subordinated capital

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Subordinated liabilities	3 539	3 622	– 2
Participatory capital	236	530	– 55
Silent participations	2 311	2 439	– 5
Total	**6 086**	**6 591**	**– 8**

Subordinated liabilities are not paid back until the claims of all senior creditors have been satisfied. It meets the requirements of § 10 para. 5a of the German Banking Act in the amount of € 3,309 million (€ 3,437 million) for attribution to supplementary capital in accordance with § 10 para. 2b of the German Banking Act. Interest expenses for subordinated liabilities amount to € 160 million (€ 143 million).

Participatory capital comprises solely registered participatory capital. The participatory capital meets the requirements of § 10 Paragraph 5 of the German Banking Act in the amount of € 218 million (€ 297 million) for attribution to supplementary capital in accordance with § 10 para. 2b of the German Banking Act. Within the scope of capital measures implemented in 2011 (cf. notes to the statement of changes in equity), participatory capital in the amount of € 79 million was converted into subscribed capital plus a premium. Interest expenses for participatory capital amount to € 20 million (€ 37 million).

Due to their contractual structure and their substance, silent participations constitute debt in accordance with IAS 32; they do, however, meet requirements for recognition as core capital in the amount of € 1,886 million (€ 2,037 million) in accordance with § 10 para. 2a clause 1 no. 10 of the German Banking Act. Interest expenses for silent participations amount to € 148 million (€ 144 million).

Notes to the statement of changes in equity

The equity is made up as follows:

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Issued capital	1 494	1 085	38
Capital reserves	3 175	2 597	22
Retained Earnings	2 480	2 090	19
Revaluation reserve	– 546	63	> 100
Currency translation reserve	– 3	– 8	63
Equity capital attributable to the owners of NORD/LB	6 600	5 827	13
Equity capital attributable to non-controlling interests	– 57	– 26	> 100
Total	**6 543**	**5 801**	**13**

The composition of and changes to equity in 2011 were primarily due to the measures implemented to improve the regulatory capital structure.

Following the EU-wide bank stress test carried out by the European Banking Authority (EBA) in July 2011, in which contributions from silent partners were not recognised as hard core capital by the EBA contrary to the applicable regulations in the German Banking Act, the owners of NORD/LB decided to convert the contributions from silent partners and other capital instruments totalling € 1 146 million into subscribed capital plus a premium and a capital increase for cash in the amount of € 521 million.

This boosted subscribed capital by € 409 million and capital reserves by € 578 million. In this context it has to be considered that silent participations in the amount of € 700 million were part of the capital reserve under IFRS according to IAS 32. As at 31 December 2011 € 279 million of this had been called but not paid; the payment was made on 2 January 2012.

As a result of the capital measures there was a change in the shareholdings. As at 31 December 2011 the following shareholdings were held in the subscribed capital of NORD/LB: the federal state of Lower Saxony 56.03 per cent (41.75 per cent), the federal state of Saxony-Anhalt 6.00 per cent (8.25 per cent), the Association of the Savings Banks of Lower Saxony (SVN) 28.36 per cent (37.25 per cent), the Holding Association of the Savings Banks of Saxony-Anhalt (SBV) 5.67 per cent (7.53 per cent) and the Special Purpose Holding Association of the Savings Banks of Mecklenburg-Western Pomerania (SZV) 3.94 per cent (5.22 per cent).

The capital reserves include the amounts paid in capital increases by the owners of NORD/LB in addition to the subscribed capital and silent participations totalling € 139 million (€ 818 million), which due to their economic character represent equity in accordance with IAS 32. In the year under review a silent participation in the amount of € 700 million was converted into subscribed capital plus a premium as part of the capital measures described above. The capital reserves were also boosted by the issue of two new silent participations totalling € 21 million. The profit share for silent participations in capital reserves is € 53 million (€ 52 million).

Retained earnings include retained earnings from previous reporting periods, allocations from the profit for the period less the share of minority interests in profit, the offsetting of actuarial gains and losses directly in equity as well as the changes in equity relating to the shares in associated companies and joint ventures accounted for using the equity method and recognised directly in equity.

The revaluation reserve item reports the effects of the measurement of available for sale (AfS) financial instruments.

The currency translation reserve includes the effects of the translation of annual reports of foreign business units with a currency other than the euro relating to the application of the closing rate method.

In addition to the owners of the parent company NORD/LB, other shareholders have an interest in the equity of the NORD/LB Group. These hold shares in the equity of subsidiaries and are reported as non-controlling interests in consolidated equity.

For 2011 it is proposed that no dividends are paid, but that the all of the profit is allocated to retained earnings to boost the hard core capital.

Notes to the cash flow statement

The cash flow statement shows the change in cash and cash equivalents for the reporting period as a result of cash flows from operating, investing and financing activities.

Cash and cash equivalents are defined as the cash reserve (cash on hand and balances with central banks).

The cash flow statement is prepared using the indirect method, whereby the cash flow from operating activities is calculated on the basis of the consolidated earnings for the period. Prior to this calculation, expenses which have no effect on cash in the accounting period are added and income which has no effect on cash in the year under review is deducted. Furthermore, all cash expenses and income which are not allocated to operating activities are eliminated. These payments are taken into account in cash flows from investing or financing activities.

In accordance with IASB recommendations, payments from loans and advances to banks and customers, trading securities, liabilities to banks and customers and from securitised liabilities are reported under cash flow from operating activities.

Cash flow from investment activities includes payments relating to investment and security portfolios classified as financial assets as well as cash receipts and payments relating to property and equipment and to the acquisition of subsidiaries.

Cash flow from financing activities includes cash flows from changes in capital, interest payments on subordinated capital and dividend payments to the owners of the parent company NORD/LB.

With regard to liquidity risk control in the NORD/LB Group, we refer to the information in the risk report.

Other disclosures

Notes to financial instruments

(55) Fair value hierarchy

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

	Level 1		Level 2		Level 3		Summe	
(in € million)	31 Dec. 2011	31 Dec. 2010	31 Dec. 2011	31 Dec. 2010	31 Dec. 2011	31 Dec. 2010	31 Dec. 2011	31 Dec. 2010
Assets held for trading	5 077	5 373	11 669	7 129	59	216	16 805	12 718
Designated financial assets reported at fair value	890	1 258	483	419	466	708	1 839	2 385
Positive fair values from hedge accounting derivatives	–	–	3 289	2 938	–	–	3 289	2 938
Financial assets at fair value	42 457	38 602	3 717	6 994	3 403	7 921	49 577	53 517
Assets	**48 424**	**45 233**	**19 158**	**17 480**	**3 928**	**8 845**	**71 510**	**71 558**
Liabilities held for trading	181	214	11 856	7 462	105	279	12 142	7 955
Designated financial liabilities reported at fair value	2 439	3 161	5 948	5 480	–	–	8 387	8 641
Negative fair values from hedge accounting derivatives	–	–	3 422	2 269	–	–	3 422	2 269
Liabilities	**2 620**	**3 375**	**21 226**	**15 211**	**105**	**279**	**23 951**	**18 865**

The trading assets and liabilities of Level 3 include among other things CDS for illiquid basic risks and CDS which were concluded on the basis of old ISDA framework agreements. The fair value of the latter is calculated based on the indicative spreads quoted for similar CDS in accordance with the new ISDA framework agreements. In the process security spreads of liquid bonds of reference entities are included. As a result when establishing the fair value it is considered that, in accordance with the old ISDA agreements, settlement is made physically in the event of a credit event, i.e. with the delivery of a bond.

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

2011 (in € million)	from Level 1 to Level 2	from Level 1 to Level 3	from Level 2 to Level 1	from Level 2 to Level 3	from Level 3 to Level 1	from Level 3 to Level 2
Assets held for trading	–	–	266	–	94	8
Designated financial assets reported at fair value	–	19	61	–	90	117
Financial assets at fair value	155	524	3 491	111	3 573	773
Liabilities held for trading	–	–	–	7	–	118

2010 (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	–	71	–	3	46	2
Designated financial assets reported at fair value	–	47	11	66	137	59
Financial assets at fair value	137	1 473	117	1 453	3 857	736
Liabilities held for trading	–	–	–	35	–	117
Designated financial liabilities reported at fair value	–	–	402	–	–	–

For the financial instruments the activity status of the parameters used for the measurement is reviewed on an individual transaction basis as described in note 7 d). The review as at the balance sheet date showed that there were hardly any transfers between the levels in all categories compared to the last reporting date (30 September 2011). The comparison with the figures as at 31 December 2010 shows that the market has since picked up. This has resulted in a shift in value towards near-market categories, with Level 1 values clearly dominating.

Financial assets and liabilities in Level 3 of the fair value hierarchy developed as follows:

2011 (in € million)	Assets held for trading	Designated financial assets reported at fair value	Financial assets at fair value	Total
Assets				
1 January	**216**	**708**	**7 921**	8 845
Effect on the income statement*)	– 9	– 8	13	– 4
Effect on the equity capital	–	–	– 282	– 282
Addition from purchase or issuance	154	–	47	201
Disposal from sale	200	61	236	497
Repayment / exercise	–	2	383	385
Addition from Level 1 and 2	–	19	635	654
Disposal to Level 1 and 2	102	207	4 346	4 655
Increase / decrease resulting from currency translation	–	17	34	51
31 December	**59**	**466**	**3 403**	**3 928**

*) Profit / losses result from measurement effects, realisation and deferred interest and are shown in the respective items in the income statement.

2011 (in € million)	Liabilities held for trading	Total
Liabilities		
1 January	**279**	279
Effect on the income statement*)	37	37
Disposal from purchase	25	25
Repayment/exercise	75	75
Addition from Level 1 and 2	7	7
Disposal to Level 1 and 2	118	118
31 December	**105**	**130**

*) Profit/losses result from measurement effects, realisation and deferred interest and are shown in the respective items in the income statement.

2010 (in € million)	Assets held for trading	Designated financial assets reported at fair value	Financial assets at fair value	Total
Assets				
1 January	**196**	**729**	**7 945**	8 870
Effect on the income statement*)	6	– 15	1 665	1 656
Effect on the equity capital	–	–	36	36
Addition from purchase or issuance	–	–	60	60
Disposal from sale	11	3	120	134
Repayment/exercise	1	1	70	72
Addition from Level 1 and 2	74	113	2 926	3 113
Disposal to Level 1 and 2	48	196	4 593	4 837
Increase/decrease resulting from currency translation	–	81	72	153
31 December	**216**	**708**	**7 921**	**8 845**

*) Profit/losses result from measurement effects, realisation and deferred interest and are shown in the respective items in the income statement.

2010 (in € million)	Liabilities held for trading	Total
Liabilities		
1 January	**91**	91
Effect on the income statement*)	246	246
Addition from purchase or issuance	25	25
Repayment/exercise	2	2
Addition from Level 1 and 2	35	35
Disposal to Level 1 and 2	117	117
Increase/decrease resulting from currency translation	1	1
31 December	**279**	**279**

*) Profit/losses result from measurement effects, realisation and deferred interest and are shown in the respective items in the income statement.

In the case of Level 3 measurement the fair value depends on the assumptions made, so that changes in the assumptions may result in corresponding fluctuations in the fair value. Significant effects as a result of these changes in the assumptions on the fair values recognised in the report are reviewed by means of a sensitivity analysis. In the sensitivity analysis when measuring the ABS securities the rating was stressed by one rating class and the WAL (Weighted Average Life) was stressed separately by one year. In the sensitivity analysis for securities the internal ratings were upgraded and downgraded by one rating class. Accordingly a change in the assumption-based parameters changes the fair values of trading assets by € 10 million, financial assets designated at fair value by € 16 million and financial assets reported at fair value by € 45 million.

(56) Carrying amounts by measurement category

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Assets			
Financial assets held for trading	16 805	12 718	32
Financial assets designated at fair value through profit or loss	1 839	2 385	– 23
Available for sale assets	49 670	53 756	– 8
Loans and receivables*)	152 380	153 242	– 1
Total	**220 694**	**222 101**	**– 1**
Liabilities			
Financial liabilities held for trading	12 142	7 955	53
Financial liabilities designated at fair value through profit or loss	8 387	8 641	– 3
Other Liabilities *)	192 086	199 357	– 4
Total	**212 615**	**215 953**	**– 2**

*) Previous year's figures were adjusted.

Fair values from hedge accounting as defined by IAS 39 and the cash reserve are not included since they are not allocated to any measurement category.

(57) Net gains or losses by measurement category

	1 Jan.–31 Dec. 2011 (in € million)	1 Jan.–31 Dec. 2010 (in € million)	Change (in %)
Financial Instruments Held for Trading	287	130	> 100
Financial Instruments designated at Fair Value through Profit or Loss	– 348	– 168	> 100
Available for Sale Assets	– 8	100	> 100
Loans and Receivables	– 209	– 800	74
Other Liabilities	– 23	– 37	38
Total	**– 301**	**– 775**	**61**

The category financial instruments held for trading relates solely to trading profit/loss, while the category financial instruments designated at fair value through profit or loss includes the profit/loss of the fair value option. The category available for sale assets includes the profit/loss from financial assets and the profit/loss from shares in unconsolidated companies. The category loans and receivables comprises risk provisions, the profit/loss from LaR financial assets and the profit/loss from disposals of receivables. The category other liabilities includes solely income and expenses from the repurchase of own liabilities.

The net gains/losses of the measurement categories of financial instruments held for trading and financial instruments designated at fair value through profit or loss include the commission income for the related transactions. The hedge accounting result is not included in the gains/losses since hedge accounting is not allocated to any of the categories.

(58) Impairments/reversals of impairment by measurement category

	1 Jan.–31 Dec. 2011 (in € million)	1 Jan.–31 Dec. 2010 (in € million)	Change (in %)
Available for Sale Assets			
Profit/loss from impairment of AfS financial assets	– 114	– 35	> 100
Impairment of shares in unconsolidated companies	– 20	– 8	> 100
	– 134	**– 43**	**> 100**
Loans and Receivables			
Profit/loss from impairment of LaR financial assets	– 13	– 22	41
Profit/loss from impairment of loans and advances	– 258	– 608	58
	– 271	**– 630**	**57**
Total	**– 405**	**– 673**	**40**

(59) Fair value of financial instruments

Fair values of financial instruments are compared with the carrying amounts in the following table.

(in € million)	31 Dec. 2011 Fair Value	Carrying amount	Difference	31 Dec. 2010 Fair Value	Carrying amount	Difference
Assets						
Cash reserve	796	796	–	1 069	1 069	–
Loans and advances to banks	34 054	32 928	1 126	37 651	36 734	917
Loans and advances to customers	117 611	116 404	1 207	113 071	113 606	– 535
Loan loss provisions	–	– 1 785	–	–	– 2 018	–
Sub-total of loans and advances to banks/customers (net after loan loss provisions)	**151 665**	**147 547**	**4 118**	**150 722**	**148 322**	**2 400**
Financial assets at fair value through profit or loss	18 644	18 644	–	15 103	15 103	–
Positive fair values from hedge accounting derivatives	3 289	3 289	–	2 938	2 938	–
Financial assets not reported at fair value	4 444	4 922	– 478	5 040	5 149	– 109
Financial assets reported at fair value	49 577	49 577	–	53 517	53 517	–
Investment property	125	93	32	126	96	30
Other assets not reported at fair value	4	4	–	10	10	–
Other assets reported at fair value	15	15	–	17	17	–
Total	**228 559**	**224 887**	**3 672**	**228 542**	**226 221**	**2 321**
Liabilities						
Liabilities to banks	56 930	56 584	346	61 249	60 962	287
Liabilties to customers	65 256	63 322	1 934	61 678	60 742	936
Securitsed liabilities	73 871	66 076	7 795	74 593	71 061	3 532
Adjustment item for financial instruments hedged in the fair value hedge portfolio	*)	733	–	*)	390	–
Financial liabilities at fair value through profit or loss**)	20 529	20 529	–	16 596	16 596	–
Negative fair values from hedge accounting derivatives	3 422	3 422	–	2 269	2 269	–
Other liabilities not reported at fair value	16	16	–	–	–	–
Other liabilities reported at fair value	3	3	–	1	1	–
Subordinated capital**)	6 513	6 086	427	6 496	6 591	– 95
Total	**226 540**	**216 771**	**10 502**	**222 882**	**218 612**	**4 660**

*) Amounts relating to the liabilities item “Adjustment item for financial instruments hedged in the fair value hedge portfolio” are shown in the fair values of the respective items of hedged financial instruments.

**) Previous year’s figures were adjusted.

It was not possible to reliably determine a fair value for € 93 million (€ 239 million) of financial instruments. These are mainly investments for which there is no active market. There is no intention to sell these investments.

(60) Derivative financial instruments

The NORD/LB Group employs derivative financial instruments for securing purposes in asset/liability management. Trading is also conducted in derivative financial transactions.

Nominal values constitute the gross volume of all purchases and sales. This item is a reference figure for calculating reciprocally agreed equalisation payments; it does not, however, refer to receivables and liabilities which may be recognised in the balance sheet.

The portfolio of derivative financial instruments comprises the following:

	Nominal values		Fair values			
(in € million)	31 Dec. 2011	31 Dec. 2010	positive 31 Dec. 2011	positive 31 Dec. 2010	negative 31 Dec. 2011	negative 31 Dec. 2010
Interest rate risk						
Interest rate swaps*)	282 028	285 507	12 373	7 747	10 441	6 611
FRAs	6 781	17 258	–	2	1	5
Interest rate options						
Call*)	3 465	2 890	634	195	–	1
Put*)	8 948	9 417	1	2	1 953	1 002
Caps, Floors	7 748	7 484	142	129	95	77
Stock exchange contracts	803	456	4	1	–	1
Other forward interest rate transactions*)	2 643	2 654	72	108	281	74
	312 416	**325 666**	**13 226**	**8 184**	**12 771**	**7 771**
Currency risk						
Forward exchange contracts	16 857	16 564	303	246	405	265
Currency swaps and interest rate/currency swaps	52 916	55 548	1 254	1 407	1 556	1 341
Currency options						
Call	736	415	48	38	–	–
Put	656	386	–	–	29	32
Other currency transactions	189	190	1	1	1	1
	71 354	**73 103**	**1 606**	**1 692**	**1 991**	**1 639**
Share price and other price risks						
Equity swaps	572	892	19	18	22	16
Stock options						
Call	241	1 159	33	64	–	–
Put	201	1 017	–	–	50	42
Stock exchange contracts	39	43	2	1	1	1
	1 053	**3 111**	**54**	**83**	**73**	**59**
Credit risk						
Assignor	1 234	1 596	46	21	1	3
Assignee	7 929	8 167	7	9	549	517
	9 163	**9 763**	**53**	**30**	**550**	**520**
Total	**393 986**	**411 643**	**14 939**	**9 989**	**15 385**	**9 989**

*) Previous year's figures were adjusted.

The residual term is defined as the period between the balance sheet date and the contractual due date.

Nominal values (in € million)	Interest rate risk		Currency risk		Share price and other price risk		Credit risk	
	31 Dec. 2011	31 Dec. 2010*)	31 Dec. 2011	31 Dec. 2010	31 Dec. 2011	31 Dec. 2010	31 Dec. 2011	31 Dec. 2010
Up to 3 months	25 226	47 206	17 447	18 996	86	187	359	87
More than 3 months up to 1 year	43 765	42 277	14 465	12 383	108	1 896	2 382	655
More than 1 year up to 5 years	130 893	127 345	23 434	22 665	520	684	4 503	6 736
More than 5 years	112 532	108 838	16 008	19 059	339	344	1 919	2 285
Total	**312 416**	**325 666**	**71 354**	**73 103**	**1 053**	**3 111**	**9 163**	**9 763**

*) Previous year's figures were adjusted.

The residual term is defined as the period between the balance sheet date and the contractual due date.

The table below shows the nominal values and a breakdown of the positive and negative fair values of derivative transactions by counterparty.

(in € million)	Nominal values		Fair values			
	31 Dec. 2011	31 Dec. 2010	Positive 31 Dec. 2011	Positive 31 Dec. 2010	Negative 31 Dec. 2011	Negative 31 Dec. 2010
Banks in the OECD	345 022	369 262	11 636	8 244	14 108	9 417
Banks outside the OECD	823	860	3	4	20	33
Public institutions in the OECD	8 594	8 288	263	136	125	111
Other counterparties (including stock exchange contracts)*)	39 547	33 233	3 037	1 605	1 132	428
Total	**393 986**	**411 643**	**14 939**	**9 989**	**15 385**	**9 989**

*) Previous year's figures were adjusted.

(61) Disclosures relating to selected countries

The table below shows, in contrast to the regulatory exposure in the risk report, the reported values of transactions relating to selected 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)	31 Dec. 2011	31 Dec. 2010	31 Dec. 2011	31 Dec. 2010	31 Dec. 2011	31 Dec. 2010	31 Dec. 2011	31 Dec. 2010
Greece								
Country	– 56	– 30	–	–	36	101	–	51
Financing institutions/ insurance companies	–	–	–	–	17	18	25	50
Companies/other	4	5	–	–	–	–	324	387
	– 52	**– 25**	**–**	**–**	**53**	**119**	**349**	**488**
Ireland								
Country	– 56	– 54	94	83	55	25	–	–
Financing institutions/ insurance companies	1	– 48	11	5	484	478	701	1 064
Companies/other	– 13	4	5	20	1	26	1 564	1 291
	– 68	**– 98**	**110**	**108**	**540**	**529**	**2 265**	**2 355**
Italy								
Country	– 13	– 14	287	218	1 343	1 573	20	19
Financing institutions/ insurance companies	– 66	– 21	–	72	1 628	2 040	173	225
Companies/other	14	36	–	–	67	78	55	40
	– 65	**1**	**287**	**290**	**3 038**	**3 691**	**248**	**284**
Portugal								
Country	– 75	– 20	–	–	142	261	15	15
Financing institutions/ insurance companies	– 30	– 42	–	–	144	308	20	254
Companies/other	–	9	–	–	13	20	103	69
	– 105	**– 54**	**–**	**–**	**299**	**589**	**138**	**338**
Spain								
Country	– 1	25	–	–	438	568	83	158
Financing institutions/ insurance companies	3	155	–	–	2 250	3 121	193	382
Companies/other	80	10	–	–	34	132	452	608
	82	**190**	**–**	**–**	**2 722**	**3 821**	**728**	**1 148**
Total	**– 208**	**15**	**397**	**398**	**6 652**	**8 749**	**3 728**	**4 613**

The nominal values of credit default swaps in the countries in the NORD/LB Group's portfolio are € 1883 million (2 621 million). Of this, states account for € 601 million, financing institutes/insurance companies for € 1198 million and companies/others for € 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 default swaps is € – 356 million (€ – 352 million).

Greek credit default swaps are included with a nominal value of € 94 million and a fair value of € – 56 million.

For financial instruments categorised as available for sale with acquisition costs totalling € 7326 million (€ 8 740 million), the cumulative valuation of the selected countries reported in equity totals € 1 131 million (€ 374 million). In addition to this, a write-off of € 99 million (€ 1 million) was recognised in the income statement for the period. Of this, Greek bonds account for acquisition costs of € 124 million (€ 123 million) and a write-off recognised through profit or loss of € 91 million (€ 0 million); the fair value of these securities assigned to Level 1 in the fair value hierarchy is € 30 million (€ 87 million).

For receivables categorised as loans and receivables to financial institutions and other companies of the selected countries, specific valuation allowances totalling € 31 million (€ 3 million) and general loan loss provisions totalling € 12 million (€ 18 million) were made. The fair value of these receivables categorised as loans and receivables is € 1 474 million (€ 1 868 million).

For further information concerning the haircut on Greek government bonds, see supplementary report.

(62) Underlying transactions in effective hedges

Financial assets and liabilities which as underlying transactions are part of a hedge in accordance with IAS 39 continue to be reported together with unsecured transactions in the respective balance sheet items since the hedging transaction has no effect on the type of underlying transaction and its function. The balance sheet item for financial instruments (LaR and OL categories) otherwise reported at amortised cost is adjusted by the change in fair value results in the hedged risk (for the portfolio fair value hedge by reporting a separate balance sheet item). Financial instruments in the AfS category continue to be reported at their full fair value.

The financial assets and liabilities which are hedged underlying transactions in an effective micro fair hedge are shown below for information purposes:

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Assets			
Loans and advances to banks	1 338	1 638	– 18
Loans and advances to customers	6 876	6 153	12
Financial assets	14 344	13 749	4
Total	**22 558**	**21 540**	**5**
Liabilities			
Liabilities to banks	1 322	1 439	– 8
Liabilities to customers	9 946	9 496	5
Securitised liabilities	12 325	13 645	– 10
Subordinated capital	1 124	1 097	2
Total	**24 717**	**25 677**	**– 4**

The financial assets and liabilities which are hedged underlying transactions in an effective portfolio fair value hedge are shown below for information purposes:

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Assets			
Financial assets	639	554	15
Total	**639**	**554**	**15**
Liabilities			
Securitised liabilities	8 773	13 517	– 35
Total	**8 773**	**13 517**	**– 35**

(63) Residual terms of financial liabilities

31 Dec. 2011 (in € million)	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year up to 5 years	More than 5 years	Total
Liabilities to banks	12 016	12 424	9 040	12 976	10 406	56 862
Liabilities to customers	21 138	5 589	6 308	15 890	22 862	71 787
Securitised liabilities	3 957	5 598	9 558	51 425	6 824	77 362
Financial liabilities at fair value through profit or loss (no derivatives)	190	399	783	3 738	7 769	12 879
Negative fair values from derivatives held for trading	224	413	1 538	4 818	2 846	9 839
Negative fair values from hedge accounting derivatives	87	90	209	1 415	948	2 749
Other liabilities (financial instruments only)	3	–	16	–	–	19
Subordinated capital	96	45	464	2 625	4 811	8 041
Financial guarantees	2 890	24	27	438	1 550	4 929
Irrevocable credit commitments	1 948	56	721	5 174	1 557	9 456
Total	**42 549**	**24 638**	**28 664**	**98 499**	**59 573**	**253 923**

31 Dec. 2010 (in € million)	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year up to 5 years	More than 5 years	Total
Liabilities to banks	23 817	9 999	5 825	12 946	9 918	62 505
Liabilities to customers	20 086	5 484	3 958	15 698	23 471	68 697
Securitised liabilities	2 709	7 065	9 965	51 003	9 293	80 035
Financial liabilities at fair value through profit or loss (no derivatives)*)	143	427	961	4 491	5 835	11 857
Negative fair values from derivatives held for trading*)	2 920	1 029	2 860	3 689	1 379	11 877
Negative fair values from hedge accounting derivatives	86	85	205	825	546	1 747
Other liabilities (financial instruments only)	3	1	–	–	–	4
Subordinated capital*)	302	60	472	2 534	4 382	7 750
Financial guarantees	3 843	43	87	360	545	4 878
Irrevocable credit commitments*)	1 491	42	566	6 396	2 424	10 919
Total	**55 400**	**24 235**	**24 899**	**97 942**	**57 793**	**260 269**

*) Previous year's figures were partly adjusted.

The residual term for undiscounted financial liabilities is defined as the period between the balance sheet date and the contractual due date.

(64) NORD/LB Group as assignor and assignee

The following financial assets have been pledged as collateral for liabilities (carrying amounts):

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Loans and advances to banks*)	19 847	16 464	21
Loans and advances to customers*)	26 476	29 599	– 11
Financial assets at fair value through profit or loss	1 012	2 786	– 64
Financial assets*)	17 209	18 125	– 5
Total	**64 544**	**66 974**	**– 4**

*) Previous year's figures were adjusted.

Collateral has been provided for borrowing undertaken within the scope of sale and repurchase agreements with obligatory retransfer (repos). Collateral has also been provided for refinancing funds for specific purposes, securities lending transactions and Eurex transactions.

Assets were assigned as collateral to the amounts shown for the following liabilities:

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Liabilities to banks*)	7 813	11 687	– 33
Liabilities to customers	2 169	2 318	– 6
Securitised liabilities*)	27 875	31 385	– 11
Financial liabilities at fair value through profit or loss	9 187	619	> 100
Total	**47 044**	**46 009**	**2**

*) Previous year's figures were adjusted.

(65) Repo transactions and securities lending

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Repurchase transactions as lender			
Liabilities to banks	9 976	12 992	– 23
Liabilities to customers	3 225	2 838	14
	13 201	**15 830**	**– 17**
Reverse repurchase transactions as borrower			
Loans and advances to banks	1 559	1 319	18
Loans and advances to customers	2 839	1 014	> 100
	4 398	**2 333**	**89**

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Securities sold under repurchase agreements			
Securities sold under repurchase agreements at fair value through profit or loss	277	1 460	– 81
Securities sold under repurchase agreements from financial assets	9 777	12 210	– 20
	10 054	**13 670**	**– 26**
Securities purchased under repurchase agreements	**6 014**	**4 111**	**46**

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Loaned securities			
Loaned securities from financial assets	20	26	– 23
	20	**26**	**– 23**
Borrowed securities	**548**	**688**	**– 20**

Other notes

(66) Equity management

Equity management is conducted at the parent company NORD/LB with effect for the Group. The aim is to secure an adequate supply of capital resources in terms of quantity and quality, to achieve an adequate return on equity and to permanently comply with regulatory minimum capital ratios at Group level in each case. Significant capital figures in equity management are:

- Reported equity
- Total regulatory core capital
- Regulatory capital
- “Hard core capital” (since 2011) as defined by the European Banking Authority (EBA).

For part of these capital figures, target capital ratios are specified for the Group for which the numerator is the respective capital figure and the denominator is respective risk-weighted assets in accordance with the German Solvency Regulation. Regulatory minimum capital ratios, which must be permanently maintained, are also in place for total regulatory core capital, regulatory capital and the hard core capital. For the total regulatory core capital this minimum ratio is 4.0 per cent and for regulatory capital 8.0 per cent to the end of 2012. These regulatory minimum capital ratios will gradually rise between 2013 and 2019 due to the changing regulatory requirements (Basel III). With regard to hard core capital, the EBA requires of NORD/LB as one of the system-relevant banks in the EU that it maintains a minimum ratio of 9.0 per cent from 30 June 2012.

In the year under review 2011 the core task of capital management lay in optimising the capital structure and in implementing capital measures to achieve this requirement, and this is likely to remain the case in 2012.

Due to the Basel III regulations relating to minimum capital resources, the requirements on capital management will continue to increase in future. The crucial control variable is likely to be the hard core capital. In order to strengthen this, the capital structure of the Group will continue to be optimised.

In addition to this, within the scope of capital management, the actual development of the above capital figures and the related capital ratios will be regularly determined and reported to the bank’s management and supervisory bodies. Furthermore, if required, budgets and forecasts are prepared for these capital figures and ratios. If they indicate any risk for the defined target capital ratios either adjustment measures are taken in terms of risk-weighted assets or, on agreement with the owners of the bank, procurement measures will be taken for individual capital figures, or a combination of the two.

In 2011 and 2010 the bank maintained the regulatory minimum capital ratios at Group level at all times. The regulatory core capital ratio and the regulatory capital ratio (= overall ratio) at the end of the respective year are reported in note (67).

(67) Regulatory data

The consolidated regulatory capital below was calculated in accordance with the regulations of the German Solvency Regulation.

(in € million)	31 Dec. 2011	31 Dec. 2010
Risk-weighted assets	**84 800**	**86 850**
Capital requirements for credit risk	6 108	6 468
Capital requirements for market risks	339	183
Capital requirements for operational risks	337	297
Capital requirements according to the SolvV	**6 784**	**6 948**

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

(in € million)	31 Dec. 2011	31 Dec. 2010 *)
Paid-in capital	1 500	1 213
Further capital in accordance with § 10 2a Nr. 8 KWG	–	–
Other reserves	3 998	2 823
Special item for general banking risks in accordance with § 340g of the German Commercial Code	1 425	1 082
Other capital in accordance with § 10 2a Nr. 10 KWG	2 003	2 855
Other components	– 88	– 28
Core capital	**8 838**	**7 945**
Deductions from core capital	– 833	– 1 116
Core capital for solvency reasons	**8 005**	**6 829**
Non-current subordinated liabilities	3 309	3 437
Participatory capital liabilities	218	297
Other components	29	152
Supplementary capital	**3 556**	**3 886**
Deductions from supplementary capital	– 834	– 1 116
Supplementary capital for solvency reasons	**2 722**	**2 770**
Modified available equity	**10 727**	**9 599**
Tier three capital	–	–
Eligible capital in accordance with § 10 of the German Banking Act	**10 727**	**9 599**

*) Previous year's figures were adjusted.

(in %)	31 Dec. 2011	31 Dec. 2010
Overall ratio according to § 2 Paragraph 6 of the German Solvency Regulation (SolvV)*)	12,65	11,05
Core capital ratio**)	9,44	7,86

*) Previous year's figures were adjusted.

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

(68) Foreign currency volume

As at 31 December 2011 the NORD/LB Group had the following assets and liabilities in foreign currency:

31 Dec. 2011 (in € million)	USD	GBP	JPY	Other	Total
Assets					
Cash reserve	171	3	–	13	187
Loans and advances to banks	1 358	77	63	386	1 884
Loans and advances to customers	25 596	3 567	2 046	2 560	33 769
Loan loss provisions	– 224	– 57	– 30	– 23	– 334
Financial assets at fair value through profit or loss	7 934	– 59	1 260	26	9 161
Positive fair values from hedge accounting derivatives	115	3	140	165	423
Financial assets	4 308	909	462	1 266	6 945
Total	**39 258**	**4 443**	**3 941**	**4 393**	**52 035**

Liabilities					
Liabilities to banks	9 207	1 904	–	1 142	12 253
Liabilities to customers	2 657	120	2	114	2 893
Securitised liabilities	3 546	48	1 813	2 152	7 559
Financial liabilities at fair value through profit or loss	22 735	914	2 015	819	26 483
Negative fair values from hedge accounting derivatives	785	94	180	176	1 235
Subordinated capital	24	–	10	42	76
Total	**38 954**	**3 080**	**4 020**	**4 445**	**50 499**

Existing exchange rate risks are eliminated by concluding transactions with matching maturities.

(69) Non-current assets and liabilities

For balance sheet items which include both current and non-current assets and liabilities, the assets and liabilities which are to be realised or settled after more than 12 months are shown below.

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Assets			
Loans and advances to banks	18 565	20 822	– 11
Loans and advances to customers	97 062	93 800	3
Assets held for trading	15 003	10 176	47
Loans and advances to banks designated at fair value	16	16	–
Loans and advances to customers designated at fair value	236	221	7
Financial assets designated at fair value	646	603	7
Positive fair values from hedge accounting derivatives	2 933	2 637	11
Financial assets classified as LaR	4 142	4 632	– 11
Financial assets classified as AfS	37 885	41 054	– 8
Other assets	31	31	–
Total	**176 519**	**173 992**	**1**
Liabilities			
Liabilities to banks	23 201	22 693	2
Liabilities to customers	36 635	36 271	1
Securitised liabilities	55 038	59 376	– 7
Adjustment item for financial instruments hedged in the fair value hedge portfolio	710	390	82
Liabilities held for trading	10 696	6 677	60
Liabilities to banks designated at fair value	314	502	– 37
Liabilities to customers designated at fair value*)	4 518	4 363	4
Securitised liabilities designated at fair value	3 074	3 638	– 16
Subordinated capital designated at fair value	26	25	4
Negative fair values from hedge accounting derivatives	3 148	2 535	24
Provisions	1 557	1 522	2
Other liabilities	31	31	–
Subordinated capital*)	5 807	6 077	– 4
Total	**144 755**	**144 100**	**–**

*) Previous year's figures were adjusted.

(70) Contingent liabilities and other obligations

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Contingent liabilities			
Liabilities from guarantees and other indemnity agreements	6 998	7 026	–
Other obligations			
Irrevocable credit commitments*)	9 456	10 919	– 13
Total	**16 454**	**17 945**	**– 8**

*) Previous year's figures were adjusted.

Liabilities from guarantees and other indemnity agreements include credit guarantees, trade-related guarantees and contingent liabilities from other guarantees and indemnity agreements.

NORD/LB ensures that the following companies are able to meet their obligations:
Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover and Berlin
NIEBA GmbH, Hanover
Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel/Luxembourg
NORD/LB Asset Management Holding GmbH, Hanover
NORD/LB COVERED FINANCE BANK S.A., Luxembourg-Findel/Luxembourg
Skandifinanz AG, Zurich/Switzerland

Information on estimations of financial effects, uncertainty concerning the amount or the timing of outflows of capital and on possible equalisation payments is not given for reasons of practicality.

(71) Other financial obligations

The Group vouches for the obligations of the Sparkassenverband Niedersachsen (Association of the Savings Banks of Lower Saxony) resulting from its membership in the Deutscher Sparkassen- und Giroverband (German Association of Savings Banks and Girobanks) and the DekaBank Deutsche Girozentrale. In addition joint liability has been assumed for DekaBank Deutsche Girozentrale with the other shareholders of this bank within the scope of the guarantor function.

NORD/LB, together with Sparkassenverband Niedersachsen and Landesbank Berlin Holding AG, also acts as guarantor for LBS Norddeutsche Landesbausparkasse Berlin-Hannover.

In connection with the acquisition of Deutsche Hypothekenbank (Actien-Gesellschaft), the Group is obliged to reimburse Deutscher Sparkassen- and Giroverband e.V. as the guarantor of the security reserve for landesbanks and giro centres all expenditure including interest and interest lost for supporting measures which cannot be paid from the fund established for Deutsche Hypothekenbank in accordance with the agreement concluded between Deutscher Sparkassen- und Giroverband e.V and Deutsche Hypothekenbank AG on 19 December 2008.

There was also an obligation to release Bundesverband deutscher Banken e.V. (Association of German Banks) from all losses which were a result of measures in accordance with § 2 paragraph 2 of the statute of the "Einlagensicherungsfond" (deposit protection fund) for the Deutsche Hypothekenbank (Actien-Gesellschaft). The participation of Deutsche Hypothekenbank (Actien-Gesellschaft) in the German banks' deposit protection fund was terminated as at 31 December 2008. In accordance with § 6 no. 8 of the statute of the deposit protection fund NORD/LB may still be liable for commitments previously entered into by Deutsche Hypothekenbank (Actien-Gesellschaft).

Furthermore NORD/LB indemnifies a director of a limited company under British law from all costs, and claims for liability and damages which arise in relation to his activities as a director.

Due to its investment in Braunschweig Grund Objektgesellschaft Driebenberg mbH & Co. KG, Braunschweig, NORD/LB is liable to the effect that the limited partners have released the general partner from liability.

In a joint participating interest with other limited partners in Immobilien Development und Beteiligungsgesellschaft Niedersachsen mbH IDB & Co. – Objekt Zietenterrassen – KG, one limited partner has indemnified the general partner from liability. In the internal relationship the Group assumes 50 per cent of obligations that may result from this declaration of liability.

In connection with the sale of companies in the NILEG sub-group, a guarantee was made to the purchaser that taxes for periods for which tax audits had not yet been conducted have been fully paid or adequate provisions have been set up. In this respect NORD/LB is liable for any additional back taxes if the value exceeds € 0.5 million.

With regard to the inclusion of the shares in FinanzIT GmbH, the withdrawing partners NORD/LB, Bremer Landesbank and Landesbank Saar have committed, together with the remaining partners of FinanzIT, to bear the risks of the company from the time up to their withdrawal, provided they have actually occurred and are not already covered by provisions which have already been made.

Concerning the disposal of the part of the share in LHI Leasing GmbH, Munich, a guarantee was also made to the purchaser that any taxes and corresponding liabilities due on and before 31 December 2005 have been paid and provisions for any taxes over and above this amount have been carried in the financial statements for the periods ending on or before 31 December 2005. In this respect NORD/LB is liable for any additional back taxes if the value exceeds € 0.1 million.

There is also a liability for an amount of up to € 4 million (€ 4 million) to be paid to the employees of two public-sector insurance companies in the event of insolvency.

An obligation towards two companies (two companies) involves the granting of a shareholder loan to the amount of € 14 million (€ 21 million).

The Group is also obliged to make additional contributions up to an amount of € 216 million (€ 258 million) to the security reserve for landesbanks and giro centres. In the event of a need for support these subsequent contributions could be collected immediately.

Membership in the regional reserve fund, established on 1 January 2007, and its agent funds, results, in the event of the restructuring of the affiliated institutes, in an obligation to make a maximum additional contribution of € 258 million (€ 259 million) if funds available in the savings bank's support fund are insufficient.

Other obligations to make additional contributions amount to € 34 million (€ 34 million) in addition to further joint liabilities for other shareholders towards Liquiditäts-Konsortialbank GmbH.

Furthermore obligations to make additional contributions result on the basis of memberships of protection schemes for insurance companies to the amount of € 1 million (€ 1 million). Due to memberships in other protection schemes within the scope of insurance business, the Group, besides being a proportionate guarantor, also bears additional liability risks to the amount of € 4 million (€ 4 million).

The personally liable partners of a real estate investment fund have been released from their statutory liability.

Call-in obligations for shares and other interests amounted to € 19 million at year-end (€ 20 million).

Securities have been deposited as collateral relating to transactions on the Eurex, Frankfurt, and foreign forward markets in the nominal amount of € 422 million (€ 255 million).

Obligations pertaining to existing rental, lease, guarantee and other similar agreements are within the scope of standard business.

(72) Subordinated assets

Assets are considered to be subordinated if they are only met after the claims of other creditors in the event of the liquidation or the insolvency of a debtor. The following subordinated assets are included in balance sheet assets:

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Loans and advances to banks and customers	62	63	– 2
Financial assets*)	987	968	2
Total	**1 049**	**1 031**	**2**

*) Previous year's figures were adjusted.

(73) Trust activities

In compliance with IFRS regulations, trust activities are not shown in the consolidated balance sheet of the NORD/LB Group; however, they are present in the Group.

The Group's trust activities are broken down as follows:

	31 Dec. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Assets held in trust			
Loans and advances to banks	–	3	– 100
Loans and advances to customers	199	233	– 15
Financial instruments at fair value through profit or loss	10	11	– 9
Financial assets	47	47	–
Other assets held in trust	89	111	– 20
Total	**345**	**405**	**– 15**
Liabilities held in trust			
Liabilities to banks	168	186	– 10
Liabilities to customers	41	61	– 33
Other liabilities held in trust	136	158	– 14
Total	**345**	**405**	**– 15**

Related parties

(74) Number of employees

The average number of employees in the Group for the period under review is shown as follows:

	Male		Female		Total	
	1 Jan.– 31 Dec. 2011	1 Jan.– 31 Dec. 2010	1 Jan.– 31 Dec. 2011	1 Jan.– 31 Dec. 2010	1 Jan.– 31 Dec. 2011	1 Jan.– 31 Dec. 2010
NORD/LB	2 093	1 976	2 172	2 065	4 265	4 041
Bremer Landesbank sub-group	543	543	555	537	1 098	1 080
NORD/LB Luxembourg sub-group	123	116	56	50	179	166
Deutsche Hypothekenbank	243	208	177	160	420	368
ÖVB	306	346	337	334	643	680
Other	241	77	106	44	347	121
Group	**3 549**	**3 266**	**3 403**	**3 190**	**6 952**	**6 456**

(75) Related parties

All the consolidated and unconsolidated subsidiaries, associated companies and joint ventures qualify as related parties. The subsidiaries of joint ventures and associated companies are included. The owners of NORD/LB, Hanoversche Beteiligungsgesellschaft mbH, Hanover, the provident funds and the companies under IAS 24.9 (b) (ii), (iv) and (vi) are also related parties of the NORD/LB Group.

Natural persons considered to be related parties in accordance with IAS 24 are the members of the Managing Board, the Supervisory Board and the committees of NORD/LB as the parent company and their close relatives.

Business transacted with related parties is concluded at standard market terms and conditions.

The scope of transactions conducted with related parties in 2010 and 2011, excluding those to be eliminated under consolidation, can be seen in the following statements:

31 Dec. 2011 (in € 000)	Share-holders	Subsidaries	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. – 31 Dec. 2011 (in € 000)	Share-holders	Subsidaries	Joint Ventures	Affiliated companies	Persons in key positions	Other related parties
Interest expense	61 706	97 523	381	26 092	35	18 788
Interest income	196 992	3 567	481	53 390	102	21 889
Commission expense	24 143	–	–	–	–	851
Commission income	98	7	27	258	2	23
Other income and expenses	54 483	115	3	34 806	– 4 716	– 21 495
Total contributions to income	**165 724**	**– 93 834**	**130**	**62 362**	**– 4 647**	**– 19 222**

31 Dec. 2010[*)] (in € 000)	Share-holders	Subsidaries	Joint Ventures	Affiliated companies	Persons in key positions	Other related parties
Outstanding loans and advances						
to banks	–	–	–	1 030 614	–	152 063
to customers	3 000 218	68 529	17 313	246 061	2 077	399 577
Other unsettled assets	1 762 628	160	–	47 504	–	2 467
Total assets	**4 762 846**	**68 689**	**17 313**	**1 324 179**	**2 077**	**554 107**
Unsettled liabilities						
to banks	–	–	–	359 818	–	141 996
to customers	998 384	52 974	133 410	159 074	2 809	313 541
Other unsettled liabilities	46 634	1 313 410	–	477	–	125 355
Total liabilities	**1 045 018**	**1 366 384**	**133 410**	**519 369**	**2 809**	**580 892**
Guarantees / sureties received	4 247 347	27	–	5 000	–	–
Guarantees / sureties granted	5 325 031	750	2 196	7 995	–	2 199

1 Jan. – 31 Dec. 2010[*)] (in € 000)	Share-holders	Subsidaries	Joint Ventures	Affiliated companies	Persons in key positions	Other related parties
Interest expense	107 713	94 049	5 132	21 858	41	19 254
Interest income	179 224	5 460	51 542	58 233	91	23 747
Commission expense	24 172	–	–	–	–	–
Commission income	200	261	160	303	1	68
Other income and expenses	– 10 183	154	– 22 619	– 5 082	– 4 904	668
Total contributions to income	**37 356**	**– 88 174**	**23 951**	**31 596**	**– 4 853**	**5 229**

[*)] Previous year's figures were adjusted due to a change in IAS 24.

As at the balance sheet date there are allowances for loans and advances to associated companies in the amount of € 2 million (€ 2 million).

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

Total remuneration of and loans to governing bodies in accordance with commercial law are presented in note (77) Remuneration of and loans to governing bodies. Payments due in the short term to members of the committees who are related parties (other than members of the Managing Board or the Supervisory Board) amount to € 82,000 (€ 70,000).

(76) Members of governing bodies and list of mandates

1. Members of the Managing Board

Dr. Gunter Dunkel
(Chairman)

Ulrike Brouzi
(since 1 Jan. 2012)

Eckhard Forst

Dr. Hinrich Holm

Dr. Johannes-Jörg Riegler

Christoph Schulz
(Deputy Chairman as at 31 Aug. 2011)

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

Norbert Dierkes
Chairman of the Managing Board
Sparkasse Jerichower Land
(since 1 Feb. 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 Jan. 2012)

Dr. Josef Bernhard Hentschel
Chairman of the Managing Board
Sparkasse Osnabrück
(until 31 Dec. 2011)

Frank Hildebrandt
Bank employee
NORD/LB Braunschweig

Dr. Gert Hoffmann
Mayor, City of Braunschweig

Martin Kind
Managing Director
KIND Hörgeräte GmbH & Co. KG

Walter Kleine
Chairman of the Managing Board
Sparkasse Hannover

Manfred Köhler
Salzlandsparkasse
(until 31 Jan. 2012)

Heinrich v. Nathusius
Managing Director
IFA Group

August Nöltker
Union Secretary
ver.di Vereinte Dienstleistungsgewerkschaft

Freddy Pedersen
ver.di Vereinte Dienstleistungsgewerkschaft

Ilse Thonagel
Bank employee
Landesförderinstitut
Mecklenburg-Western Pomerania

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

As at 31 December 2011 the following mandates were held at large corporations by members of the Managing Board of the NORD/LB Group. Banks are treated as large corporations.

Name	Company
Dr. Gunter Dunkel	Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen Continental AG, Hanover Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel Skandifinanz AG, Zurich (former: Skandifinanz Bank AG, Zurich)
Christoph Schulz	LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel Toto-Lotto Niedersachsen GmbH, Hanover
Eckhard Forst	DEUTSCHE FACTORING BANK GmbH & Co. KG, Bremen Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover
Dr. Hinrich Holm	Lotto-Toto Sachsen-Anhalt GmbH, Magdeburg (since 1 July 2011) Investitionsbank Sachsen-Anhalt, Magdeburg LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover NORD/LB Capital Management GmbH, Hanover (since 4 Nov. 2011) NORD/LB Kapitalanlagegesellschaft AG, Hanover (since 4 Nov. 2011)
Dr. Johannes-Jörg Riegler	Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen Johannes Berenberg, Gossler & Co. KG, Hamburg Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel

(77) Remuneration of and loans to governing bodies

(in € 000)	31 Dec. 2011	31 Dec. 2010
Emoluments paid to active members of governing bodies		
Payments due short-term		
Managing Board	3 376	3 922
Supervisory Board	867	412
Emoluments paid to former members of governing bodies and their dependants		
Payments due short-term		
Managing Board	4 126	4 163
Payments after termination of employment		
Managing Board	364	–
Provisions for pension obligations		
Managing Board	47 276	48 772
Supervisory Board	2 111	961
Advance payments, loans and contingencies		
Managing Board	1 476	848
Supervisory Board	1 019	157

(78) Group auditor's fees

(in € 000)	31 Dec. 2011	31 Dec. 2010
Group auditor's fees for		
the statutory audit	5 945	5 832
other audit-related services	3 231	2 081
tax services	34	105
other services	380	405

(79) Equity holdings

The list of equity holdings includes all of the companies includes in the consolidated financial statements, the non-consolidated companies, joint ventures, associated companies and other equity holdings from 20 per cent. The information on the companies was taken from the most recent available annual financial statements which have been adopted.

Company name and registered office	Shares (%) direct	Shares (%) indirect
a) Companies included in the consolidated financial statements		
aa) Subsidiaries included in the consolidated financial statements		
Beteiligungs-Kommanditgesellschaft MS „Buxmelody“ Verwaltungs- und Bereederungs GmbH & Co., Buxtehude	–	–
BLB Immobilien GmbH, Bremen	100.00	–
BLB Leasing GmbH, Oldenburg	100.00	–
Braunschweig-Informationstechnologie-GmbH, Braunschweig	100.00	–
Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen	–	92.50
Bremische Grundstücks-GmbH, Bremen	100.00	–
DEMURO Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Pöcking	–	–
Deutsche Hypothekenbank (Actien-Gesellschaft), Berlin-Hanover	–	100.00
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	–	–
KreditServices Nord GmbH, Braunschweig	–	100.00
MALIBO GmbH & Co. Unternehmensbeteiligungs KG, Pullach im Isartal	–	77.81
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	–	–
Nieba GmbH, Hanover [2)]	–	100.00
Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel/Luxembourg	–	100.00
NORD/FM Norddeutsche Facility Management GmbH, Hanover [2)]	–	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 Immobilien-Holding GmbH & Co. Objekt Magdeburg KG, Pullach im Isartal	–	–
NORD/LB Kapitalanlagegesellschaft AG, Hanover	100.00	–
Nord-Ostdeutsche Bankbeteiligungs GmbH, Hanover [2)]	–	100.00
NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen	100.00	–
NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG, Bremen [4)]	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

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	–	–
Skandifinanz AG, Zurich/Switzerland	100.00	–
ab) Investment funds included in the consolidated financial statements		
NORD/LB AM 9	100.00	–
NORD/LB AM 52	–	100.00
NORD/LB AM 56	–	100.00
NORD/LB AM 65	–	100.00
NORD/LB AM High-Yield	–	94.13
NORD/LB AM OELB	100.00	–
NORD/LB AM OESB	100.00	–
ac) 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
Affiliated companies		
Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede	32.26	–
BREBAU GmbH, Bremen	48.84	–
Deutsche Factoring Bank Deutsche Factoring GmbH & Co., 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	–	40.00
NORD KB Beteiligungsgesellschaft mit beschränkter Haftung, Hanover	–	28.66
SALEG Sachsen-Anhaltinische-Landesentwicklungsgesellschaft mbH, Magdeburg	–	56.61
Toto-Lotto Niedersachsen GmbH, Hanover	–	49.85
Investment funds		
Lazard-Sparkassen Rendite-Plus-Fonds	49.18	–
NORD/LB AM Emerging Markets Bonds	–	34.64
NORD/LB AM Global Challenges Index-Fonds	–	28.05

Company name and registered office	Share of capital held (in %)	Equity[1] (in € 000)	Profit/Loss (in € 000)
b) Companies not included in the consolidated financial statements with an equity capital of greater or equal +/– € 1 million			
BGG Bremen GmbH & Co. KG, Bremen [7]	100.00	2 090	174
BGG Oldenburg GmbH & Co. KG, Bremen [7]	100.00	8 615	914
Braunschweig-Beteiligungsgesellschaft mbH, Braunschweig [6]	100.00	8 597	–
Braunschweig Gesellschaft mit beschränkter Haftung, Braunschweig [2] [6]	100.00	30 626	–
Bremische Grundstücks-GmbH & Co. KG Präsident-Kennedy-Platz, Bremen [7]	100.00	4 980	790
Deutsche Hypo Delaware Blocker Inc., Wilmington (Delaware)/USA [7]	100.00	11 246	– 2 894
NBN Grundstücks- und Verwaltungs-GmbH, Hanover [9]	100.00	1 148	– 1 063
NBN Norddeutsche Beteiligungsgesellschaft für Immobilien in Niedersachsen mbH, Hanover [9]	90.00	1 894	– 1 653
Norddeutsche Investitionen Beteiligungsgesellschaft mbH, Hanover [6]	100.00	15 191	31
NORD/LB RP Investments LLC, Wilmington (Delaware)/USA [6]	100.00	1 419	– 390
Porzellanmanufaktur FÜRSTENBERG GmbH, Fürstenberg/Weser [2] [6]	98.00	3 088	–
Schiffsbetriebs-Gesellschaft Bremen mbH, Bremen [6]	100.00	1 082	12
Unterstützungseinrichtung der Bremer Landesbank Kreditanstalt Oldenburg GmbH, Bremen [6]	100.00	35 513	2 796
Vermögensverwaltungsgesellschaft Thiede mit beschränkter Haftung, Braunschweig [2] [6]	100.00	1 278	–
Vermögensverwaltungsgesellschaft Thiede GmbH & Co. Objekt Celle-Altenhagen Vermietungs-KG, Hanover [6]	72.70	– 4 192	446
Vermögensverwaltungsgesellschaft Thiede GmbH & Co. Tiefgarage Stade Vermietungs KG, Hanover [6]	90.00	– 2 866	10
Themis 1 Inc., Wilmington (Delaware)/USA [6]	100.00	7 693	1 972
c) Capital share of greater or equal 20 % in companies with an equity capital of greater or equal +/– € 1 million			
Joint ventures/affiliated companies/other			
Bremer Spielcasino GmbH & Co. Kommanditgesellschaft, Bremen [3]	49.00	–	–
Bremer Toto und Lotto Gesellschaft mit beschränkter Haftung, Bremen [6]	33.33	4 283	3
Brocken Verwaltungs- und Vermietungs-GmbH & Co. KG, Wernigerode [6]	50.00	5 100	365
Bürgschaftsbank Mecklenburg-Vorpommern GmbH, Schwerin [6]	20.89	14 967	235
Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg [6]	20.44	11 362	252
Gewobau Gesellschaft für Wohnungsbau, Vechta, mbH, Vechta [6]	20.46	9 602	561
Grundstücksgemeinschaft Escherweg 5 GbR, Bremen [7]	50.00	– 1 564	– 382
Immobilien Development und Beteiligungsgesellschaft Niedersachsen mit beschränkter Haftung IDB & Co. – Objekt Zietenterrassen – KG, Göttingen [6]	52.56	3 171	1 409
INI International Neuroscience Institute Hannover GmbH, Hanover [9]	22.67	– 11 131	– 1 066
Medical Park Hannover GmbH, Hanover [6]	50.00	1 841	328
Medicis Nexus GmbH & Co. KG, Icking [6]	66.01	10 696	117
Mittelständische Beteiligungsgesellschaft Mecklenburg-Vorpommern mbH, Schwerin [6]	26.00	9 182	671
Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mit beschränkter Haftung, Hanover [6]	39.82	8 091	2 109

Company name and registered office	Share of capital held (in %)	Equity[1] (in € 000)	Profit/Loss (in € 000)
NBV Beteiligungs– GmbH, Hamburg [6]	28.57	19 558	1 905
Öffentliche Versicherung Bremen, Bremen [6]	20.00	6 020	360
USPF III Beteiligungsgesellschaft mbH & Co. KG, Düsseldorf [5]	42.86	5 126	– 1 498
Wohnungsbaugesellschaft Wesermarsch mit beschränkter Haftung, Brake [6]	21.71	18 266	225

Company name and registered office	Share of capital held (in %)
d) Subsidiaries not included in the consolidated financial statements with an equity capital of greater or equal +/– € 1 million	
BLBI Beteiligungs-GmbH, Bremen	100.00
Braunschweig Advisors GmbH, Braunschweig	100.00
Braunschweig Grund Objektgesellschaft Driebenberg mbH & Co. KG, Braunschweig	100.00
Braunschweig Grundstücksentwicklungsgesellschaft mbH, Braunschweig	100.00
Bremische Grundstücks-GmbH & Co. Wohnanlagen Groß-Bonn, Bremen	100.00
City Center Magdeburg Hasselbach-Passage Grundstücksgesellschaft mbH, Hanover	100.00
FL FINANZ-LEASING GmbH, Wiesbaden	58.00
HALOR GmbH i. L., Pöcking	100.00
HERMA Verwaltungs- und Beteiligungsgesellschaft mit beschränkter Haftung, Hanover	100.00
IRC Verwaltung GmbH & Co. Objekt Nienburg KG, Pullach im Isartal	98.00
IRC Verwaltung GmbH & Co. Objekt Unterföhring KG, Pullach im Isartal	98.00
LBT Holding Corporation, Wilmington (Delaware)/USA	100.00
LHI Leasing GmbH & Co. Immobilien KG, Pullach im Isartal	90.00
NORD/Advisors Norddeutsche Financial & Strategic Advisors GmbH, Hanover	100.00
NORDIG Norddeutsche Investitionsgesellschaft mbH, Hanover	100.00
NORD/LB Beteiligungsgesellschaft in Mecklenburg-Vorpommern und Sachsen-Anhalt mbH, Hanover [2]	100.00
NORD/LB Informationstechnologie GmbH, Hanover [2]	100.00
NORD/LB Project Holding Ltd., London/Great Britain	100.00
PLM Grundstücksverwaltung Gesellschaft mit beschränkter Haftung, Hanover	100.00
Ricklinger Kreisel Beteiligungs GmbH, Hanover	100.00
SGK Servicegesellschaft Kreditmanagement mbH, Frankfurt am Main	100.00
TANGENS Grundstücksverwaltung GmbH & Co. Vermietungs-KG, Pullach im Isartal	100.00
Terra Grundbesitzgesellschaft am Aegi mbH, Hanover	100.00
Vermögensverwaltungsgesellschaft Thiede GmbH u. Co. Grundschulen-Vermietungs-KG, Hanover	79.80

Annotations:

[1] Equity as defined in §§ 266 and 272 HGB, excl. capital unpaid.
[2] Here a profit and loss transfer agreement exists.
[3] These figures are not accounted for according to § 313 para 2, sec. 4, sentence 4.
[4] Founded in the year under review.
[5] Data as at 30 Sep. 2010 (deviating fiscal year).
[6] Data as at 31 Jan. 2010.
[7] Preliminary data as at 31 Jan. 2011.
[8] The company is not excessively indebted.
[9] Data as at 31 Jan. 2009.

(80) Subsequent events

For subsequent events which occurred after the balance sheet date, the supplementary report is referred to.

The group management report is neither included nor incorporated by reference into this Prospectus.

The following is an English translation of the auditor's report, which has been prepared on the basis of the German language version of the consolidated financial statements and the group management report.

Auditor's Report

We have audited the consolidated financial statements prepared by the Norddeutsche Landesbank Girozentrale, Hanover, Braunschweig and Magdeburg, comprising the consolidated income statement, statement of comprehensive income, consolidated balance sheet, statement of changes in equity, consolidated cash flow statement, notes to the consolidated financial statements including the consolidated segment reporting, and the Group management report for the financial year from 1 January to 31 December 2011. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315 a of the German Commercial Code (HGB), is the responsibility of the legal representatives of the parent company. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 of the German Commercial Code (HGB) and the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). These standards require that we plan and conduct the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, and additional requirements of German commercial law pursuant to § 315a (1) of the German Commercial Code (HGB) and give a true and fair view of the net assets, financial and earnings position of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and overall provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hanover, 16 March 2012

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Müller-Tronnier
Wirtschaftsprüfer
[German Public Auditor]

Hultsch
Wirtschaftsprüfer
[German Public Auditor]

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Annual Accounts 2011
of Norddeutsche Landesbank Girozentrale
(Anstalt öffentlichen Rechts)

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Annual Account

Assets

Norddeutsche Landesbank Girozentrale

	€	€	€	31 Dec. 2010 € 000
1. Cash reserve				
a) Cash on hand		55 152 234.13		63 041
b) Balances with central banks		110 002 671.92		538 515
of which: with the "Deutsche Bundesbank" € 97 171 866.08				(525 610)
			165 154 906.05	601 556
2. Claims on banks				
a) municipal loans		16 570 473 718.32		19 807 027
b) Other claims		12 388 564 582.23		11 683 099
			28 959 038 300.55	31 490 126
of which: Due on demand € 2 524 003 717.52				(1 750 873)
against securities lending € 0.00				(0)
3. Claims on customers				
a) mortgage loans		5 225 176 519.76		5 858 932
b) municipal loans		23 569 309 171.13		21 222 523
c) Other claims		38 562 565 587.91		38 430 522
of which: against securities lending € 0.00			**67 357 051 278.80**	65 511 977 (0)
4. Debt securities and other fixed-interest securities				
a) Money-market instruments				
aa) Issued by public sector borrowers	31 550 588.61			33 245
of which: eligible as collateral for "Deutsche Bundesbank" advances € 25 019 985.00				(0)
ab) Issued by other borrowers	23 212 671.00			222 609
		54 763 259.61		255 854
of which: eligible as collateral for "Deutsche Bundesbank" advances € 0.00				(200 156)
b) Bonds and debt securities				
ba) Issued by public sector borrowers	10 519 912 759.15			9 561 810
of which: eligible as collateral for "Deutsche Bundesbank" advances € 10 386 961 145.85				(9 481 868)
bb) Issued by other borrowers	20 320 817 594.12			24 227 843
		30 840 730 353.27		33 789 653
of which: eligible as collateral for "Deutsche Bundesbank" advances € 15 608 476 570.69				(17 593 621)
c) Debt securities, issued by the institution itself		354 550 449.53		635 911
Nominal amount € 355 020 000.00				(630 757)
			31 250 044 062.41	34 681 418
Amount carried forward			**127 731 288 547.81**	132 285 077

Balance Sheet NORD/LB Bank as at 31 December 2011 — Assets

	€	€	€	31 Dec. 2010 € 000
Amount carried forward			**127 731 288 547.81**	132 285 077
5. Shares and other variable-yield securities			**1 201 796 095.20**	1 216 360
5a. Trading portfolio			**9 347 716 418.35**	7 594 562
6. Participating interests			**141 074 874.90**	265 235
of which: in banks € 4 197 333.41				(4 197)
in financial institutions € 1 983 523.31				(1 984)
7. Shares in affiliated companies			**2 033 941 276.51**	2 380 987
of which: in banks € 1 468 608 226.95				(1 594 608)
in financial institutions € 0.00				(0)
8. Assets held in trust			**4 433 657 073.24**	4 288 705
of which: loans on a trust basis € 4 433 657 073.24				(4 288 705)
9. Intangible assets				
a) internally generated industrial property rights and similar rights and values		60 323 909.65		44 315
b) Concessions, industrial property rights and similar rights and values including its licences against payment		9 306 390.53		8 553
d) Advance payments made		0.00		119
			69 630 300.18	52 987
10. Tangible assets			**224 669 400.19**	88 752
11. Capital called but not paid			**278 501 427.68**	0
12. Other assets			**1 856 047 163.01**	1 886 727
13. Prepaid expenses				
a) from new issue and lending business		472 049 385.15		292 175
b) other		517 503 088.43		440 429
			989 552 473.58	732 604
Total assets			**148 307 875 050.65**	150 791 996

Liabilities

Norddeutsche Landesbank Girozentrale

	€	€	€	31 Dec. 2010 € 000
1. Liabilities to banks				
a) issued registered mortgage covered bonds		179 756 502.46		295 185
b) issued registered public sector covered bonds		2 271 088 879.80		2 550 426
c) other liabilities		34 813 619 195.91		38 368 015
			37 264 464 578.17	41 213 626
of which: Due on demand ________ € 2 918 962 804.94				(3 790 923)
ensuring loans taken up				
registered mortgage covered bonds transferred to lender ________ € 0.00				(0)
and registered public sector covered bonds ________ € 1 068 077 829.75				(1 294 657)
2. Liabilities to customers				
a) issued registered mortgage covered bonds		500 882 176.38		448 690
b) issued registered public sector covered bonds		11 322 919 084.67		12 671 158
c) Savings deposits				
ca) with an agreed notice period of three months	809 849 067.83			810 086
cb) with an agreed notice period more than three months	473 966 813.75	1 283 815 881.58		443 674
d) Other liabilities		29 655 260 486.70		26 363 308
			42 762 877 629.33	40 736 916
of which: Due on demand ________ € 9 911 890 344.48				(10 055 389)
ensuring loans taken up				
registered mortgage covered bonds transferred to lender ________ € 0.00				(0)
and registered public sector covered bonds ________ € 5 392 848.27				(5 393)
3. Securitised liabilities				
a) Issued debt securities				
aa) mortgage covered bonds	1 411 152 982.64			1 988 627
ab) public sector covered bonds	12 774 520 266.93			14 082 726
ac) other debentures	29 349 077 981.74	43 534 751 231.31		30 663 999
b) Other securitised liabilities		539 203 702.27		1 848 349
			44 073 954 933.58	48 583 701
of which: money-market instruments ____ € 453 247 259.01				(1 559 225)
3a. Trading portfolio			**4 020 330 912.60**	1 635 478
4. Liabilities held in trust			**4 433 657 073.24**	4 288 705
of which: loans on a trust basis ___ € 4 433 657 073.24				(4 288 705)
5. Other liabilities			**3 241 428 268.13**	2 614 981
Amount carried forward			**135 796 713 395.05**	139 073 407

Balance Sheet NORD/LB Bank as at 31 December 2011 — Liabilities

	€	€	€	31 Dec. 2010 € 000
Amount carried forward			**135 796 713 395.05**	139 073 407
6. Deferred income				
a) from new issue and lending business		312 188 453.12		401 078
b) other		451 657 201.47		272 054
			763 845 654.59	673 132
7. Provisions				
a) Provisions for pensions and similar obligations		659 311 589.76		621 276
b) Tax provisions		142 780 949.80		161 542
c) Other provisions		411 159 276.47		389 244
			1 213 251 816.03	1 172 062
8. Subordinated liabilities			**2 697 203 382.50**	2 703 875
9. Participatory capital			**120 000 000.00**	401 239
of which: thereof falling due in less than two years € 0.00				(198 739)
10. Funds for general banking risks			**927 632 805.66**	852 300
of which: special item for general banking risks in accordance with § 340e, para.4 of the German Commercial Code € 75 000 000.00				(100 000)
11. Equity				
a) Subscribed capital				
aa) Share capital	1 493 896 250.00			1 085 483
ab) Capital contribution as per §15 para. 1 State treaty	0.00			51 129
ac) Other Capital contributions	1 569 223 290.82	3 063 119 540.82		2 307 056
b) Capital reserves				
ba) Contribution as per §15 para. 1 State treaty	0.00			37 580
bb) other reserves	3 037 675 011.76	3 037 675 011.76		1 778 878
c) Retained earnings		577 502 357.24		557 770
d) Profit shown on the balance sheet after appropriation to or transfer from reserves		110 931 087.00		98 085
			6 789 227 996.82	5 915 981
Total liabilities			**148 307 875 050.65**	150 791 996
1. Contingent liabilities				
a) Contingent liabilities under rediscounted bills of exchange		0.00		0
b) Liabilities from guarantees and other indemnity agreements		8 465 879 004.52		8 600 241
c) Liabilities from assets pledged as collateral for third-party liabilities		0.00		0
			8 465 879 004.52	8 600 241
2. Other obligations				
a) Repurchase obligations from non-genuine partial repurchase agreements		0.00		0
b) Placement and underwriting obligations		0.00		0
c) Irrevocable credit commitments		6 849 019 908.06		8 139 860
			6 849 019 908.06	8 139 860

Norddeutsche Landesbank Girozentrale

	€	€	€	2010 € 000
1. Interest income from				
a) Lending and money market transactions	3 232 825 583.02			3 346 227
b) Fixed-income and book entry securities	909 621 456.89			867 890
c) current income from trading portfolio	1 931 811 297.04	6 074 258 336.95		1 315 242
2. Interest expense		4 918 568 958.96		4 317 989
			1 155 689 377.99	1 211 370
3. Current income from				
a) Shares and other variable-yield securities		24 429 394.44		14 943
b) Participating interests		22 697 971.67		18 336
c) Shares in affiliated companies		82 988 415.53		37 020
			130 115 781.64	70 299
4. Income from profit pooling, profit transfer and partial profit transfer agreements			**15 875 433.89**	9 972
5. Commission income		233 049 656.05		248 176
6. Commission expense		65 405 737.30		48 881
			167 643 918.75	199 295
7. Net income/net expense deriving from trading business			**– 23 319 543.96**	120 828
8. Other operating income			**58 206 248.76**	71 726
9. General administrative expenses				
a) Staff expenses				
aa) Wages and salaries	281 965 037.51			270 244
ab) Social security contributions and expenses for pension provision and other employee benefits	71 989 122.58	353 954 160.09		52 355
of which: for pensions € 14 953 694.15				(9 674)
b) Other administrative expenses		343 166 503.91		357 358
			697 120 664.00	679 957
10. Amortisation and write-downs of intangible assets			**33 117 261.61**	20 472
11. Other operating expenses			**123 514 259.29**	81 734
12. Write-downs of and value adjustments to claims and certain securities and allocations to provisions for lending business			**0.00**	203 596
13. Earnings from write-ups to claims and certain securities and allocations to provisions for lending business			**24 342 417.86**	0
Amount carried forward			**674 801 450.03**	697 731

Income Statement for the reporting period from 1 January 2011 to 31 December 2011

	€	€	€	2010 € 000
Amount carried forward			**674 801 450.03**	697 731
14. Write-downs of and value adjustments to investments, shares in affiliated companies and securities treated as fixed assets			**223 769 722.24**	185 642
15. Expenses on assumption of losses			**41 281 863.13**	5 061
16. Transfer to the funds for general banking risks			**100 332 805.66**	130 000
of which: Allocation to special item acc.to § 340e, para. 4 German Commercial Code ________ €	0.00			(100 000)
17. Profit on ordinary activities			**309 417 059.00**	377 028
18. Extraordinary income		0.00		1 640 803
19. Extraordinary expense		18 649 200.49		1 648 708
20. Extraordinary result			**– 18 649 200.49**	– 7 905
21. Refund from income taxes		21 083 741.01		110 526
22. Refund from other taxes not show under item 11		942 757.96		3 806
			22 026 498.97	114 332
23. Income from profit pooling, profit transfer and partial profit transfer agreements			**160 178 996.75**	156 706
24. Profit for the year			**108 562 362.79**	98 085
25. Earnings brought forward from the previous year			**2 368 724.21**	0
26. Profit shown on the balance sheet after appropriation to or transfer from reserves			**110 931 087.00**	98 085

I. Information on the Accounting Policies and Principles for Currency Translation

(Previous year figures for the 2010 accounting period or as at 31 December 2010 are shown in brackets.)

Principles for the Preparation of the Annual Financial Statements

The annual financial statements of Norddeutsche Landesbank Girozentrale Hannover, Braunschweig, Magdeburg, (NORD/LB) as at 31 December 2011 were prepared in accordance with the regulations of the German Commercial Code (HGB) as amended by the German Accounting Law Modernisation Act (BilMoG) and the directive concerning the accounting of banks and financial services institutions (RechKredV).

The layout of the balance sheet and the income statement is based on the RechKredV.

The balance sheet has been prepared in accordance with § 268 para. 1 HGB taking into account partial appropriation of the annual profit.

Accounting Policies – Trading Portfolio

Financial instruments in the trading portfolio are valued in accordance with § 340e para. 3 clause 1 HGB at fair value less a risk premium. The change in fair value compared to the previous balance sheet date or compared to the cost of acquisition, the valuation result, is recorded under the item net income or net expenses of the trading portfolio. Expenses relating to the allocation to the special item in accordance with §340e para. 4 HGB are not reported under net income or net expenses of the trading portfolio, but under the item "expenses relating to the allocation to the funds for general banking risks". As regards the calculation of the fair values, the chapter "Calculation of fair values" is referred to.

The current interest income and expenses relating to trading transactions are shown under interest income. Dividend income from trading transactions is recorded under the item "current income from shares and other variable-yield securities".

As there is currently no difference in terms of balance between the trading portfolio reported in the balance sheet and the regulatory trading book, NORD/LB has used the Value-at-Risk (VaR) calculated for regulatory purposes directly as a risk premium in terms of § 340e para. 3 clause 1 HGB, i.e. it has deducted the VAR value calculated for regulatory purposes from trading assets. The method used to calculate the VAR is the historical simulation method.

The VAR parameters used in accordance with banking regulations, and which are therefore also relevant for reporting in accordance with commercial law, are:

- Use of an uncorrelated VaR, i.e. addition of VaR for the following risk types:
  - General interest rate risk
  - Specific interest rate risk (issuer-specific risk)
  - Currency risk
  - Share price risk
  - Option price risk
- Confidence level: 99%
- Holding period: 10 days
- Monitoring period: 1 year

Accounting Policies – Asset Portfolio

Loans and advances to customers and banks are reported at nominal value. If there are differences between the nominal values and the amounts paid out for mortgage loans and other loans and advances which are of an interest nature, the items are reported at nominal value in accordance with § 340e para. 2 HGB. The differences are reported under prepaid expenses and are liquidated in a scheduled write-back.

Sufficient consideration is given to identifiable risks in lending business by making specific valuation allowances and provisions. The provisions for country risks were calculated based on principles which have not changed. Appropriate general loan loss provisions have been made for other general credit risks. General loan loss provisions are still calculated in accordance with the communiqués of the BFA 1/1990 and the BMF of 10 January 1994. The reference period relevant for calculating the default rate is eight years.

Securities in the liquidity reserve are valued in accordance with the strict lower-of-cost-or-market principle. If accounting valuation units have been formed between certain securities in the liquidity reserve and interest rate swaps, they are valued based on the lower-of-cost-or-market principle at the net fair value of the security and interest rate swap. Securities in fixed assets are valued at acquisition cost provided that they are not the subject of a permanent loss in value.

Option premiums and future-margin payments relating to transactions not yet due and pro-rata interest relating to interest rate swap transactions are reported under other assets or other liabilities; amounts relating to interest rate caps which have not yet been amortised and up-front amounts relating to interest rate swap transactions are included under prepaid expenses.

Credit default swaps (CDS) where the bank is the provider of security are treated in the balance sheet using the same procedure as for contingent assets and liabilities relating to sureties and guarantees. If it is expected that a CDS will be used, a provision is made. Earnings components relating to CDS where the bank is the provider of security are reported under commission income. If CDS were transacted to hedge securities (the bank is the provider of security), the hedge effect of the CDS is considered when assessing the write-down requirement for the security. The risk of a doubtful credit rating for the provider of security (the counterparty in the CDS contract) is to be considered separately; this is done using the same procedure as for a guarantee. Earnings components relating to CDS where the bank is the recipient of security are reported under interest income.

Investments and shares in affiliated companies are reported at acquisition cost or at lower fair value in the event of a permanent loss of value, whereby the fair value is calculated based on the present value of the shareholders' future net earnings associated with the ownership of the company.

Fixed assets, the use of which is restricted in terms of time, are subject to the maximum approved depreciation under tax law. There was no unscheduled depreciation in accordance with § 253 para. 2 clause 3 HGB in the year under review (€ 0.0 million). Fixed assets with an acquisition cost of between € 150 and € 1,000 are capitalised under a collective item and depreciated at a flat rate of 20 per cent per annum over 5 years. Low-value fixed assets with an acquisition cost of up to € 150 are written off completely in the year of acquisition.

NORD/LB has made use of the option in accordance with § 248 para. 2 HGB and reported self-made intangible fixed assets.

Low or non-interest bearing loans are valued at present value, and where applicable adjusted by specific valuation allowance or general loan loss provisions.

Liabilities to customers and banks are reported at their settlement values. The differences between borrowing and repayment amounts of an interest nature are reported under prepaid expenses and are liquidated according to schedule.

Zero bonds are reported at their market price when issued plus a mark-up for interest in line with the yield on newly issued bonds.

Provisions for uncertain liabilities and anticipated losses on pending transactions have been made in accordance with the principle of prudence.

The bank has reported one-time income from the issuing of a ship loan under commission income.

Both write-downs of and impairments to claims and certain securities and allocations to provisions for lending business and write-downs of and impairments to investments, shares in affiliated companies and securities treated as fixed assets are offset against their associated income.

Accounting Policies – Internal Transactions

NORD/LB uses internal transactions to transfer market price risks from the asset portfolio to the trading portfolio, from where they are controlled centrally by trading limits. As these internal transactions meet all of the conditions on the trading book side for regulatory inclusion in the trading book in accordance with § 1a para. 7 of the German Banking Act (KWG), they are as a result of the fundamental consistency in terms of balance between the trading book and the trading portfolio reported in the balance sheet also part of the trading portfolio reported in the balance sheet. Accordingly the internal trading transactions are valued in accordance with commercial law as external trading transactions at fair value (less a risk premium) through profit or loss.

On the asset portfolio side the same accounting rules apply for internal transactions as for the respective external transactions in the asset portfolio. For example internal interest derivatives in the asset portfolio are included in the area being balanced by the provision for interest rate risks in the banking book. For further information concerning the accounting of derivative transactions on the asset portfolio side we refer to the information in the chapter "Accounting policies – Asset portfolio".

In order to prevent the reporting of internal derivatives at fair value on the trading portfolio side from having a one-sided impact on the asset situation, NORD/LB offsets the trading assets or liabilities resulting from the reporting of internal transactions at fair value against the trading assets or liabilities resulting from the reporting of external transactions at fair value. As at 31 December 2011 trading assets resulting from internal transactions were deducted in the amount of € 4295.0 million from external trading liabilities and trading liabilities resulting from internal transactions were deducted in the amount of € 4320.2 million from external trading assets in this way. In order to prevent interest income and income expenses relating to internal derivatives in the trading book being included in the items "interest income" and "interest expenses", NORD/LB offsets interest income and interest expenditure relating to internal derivatives in the trading book against interest income and interest expenses relating to external derivatives in the trading book. For the period of 1 January to 31 December 2011 interest expenses relating to internal derivatives in the amount of € 2117.6 million were deducted from interest income relating to external derivatives, and interest income relating to internal derivatives in the amount of € 1768.3 million was deducted from external derivatives in this way.

For each risk type NORD/LB provides evidence relating to the total portfolio that the risk positions from the internal transactions have been transferred to the market, i.e. that they have been externalised.

Calculation of Fair Values

Fair values have to be calculated on the one hand for accounting purposes (valuation of derivative and non-derivative financial instruments in the trading portfolio at fair value) and on the other hand for disclosure purposes (disclosure of the fair value for derivative financial instruments in the asset portfolio). For both purposes the fair values are calculated in the same way as follows:

For financial instruments traded on an active market the fair value corresponds directly to the stock-exchange or market price, i.e. in this case no adjustments or present value calculations are made to calculate the fair value. If listed stock-exchange prices are available, these are used; otherwise other price sources are used (e.g. prices quoted by market makers). Examples of financial instruments traded on an active market at NORD/LB are securities, options and futures traded on the stock exchange.

In all other cases the fair value is calculated using generally accepted valuation methods. The generally accepted valuation methods used by NORD/LB include in the area of derivative and non-derivative trading transactions the following methods:

Valuation method	Application	Significant input parameters	Data sources
Discounted Cash Flow Method	Illiquid interest-bearing securities	Swap curves, credit rating information	Murex, CRC/CRM
	Credit Default Swaps	Swap curves, credit-spreads and where applicable credit rating information	Murex, MarkIT, CRM
	Interest rate swaps, FRAs	Swap curves	Murex
	Securities forward contracts	Contract data, specific securities forward prices, swap curves	Class data, stock-exchange values
	Interest rate currency swaps, forward exchange contracts	Swap curves in the currencies exchanged; basic swap spreads; exchange rate	Murex
Hull & White Model for Options	Bermudan swaptions	Volatility of the underlying market price, risk-free interest rate	Murex
Black-Scholes Model	Fix options	Exchange rates volatility of the underlying market price, risk-free interest rate	Murex
	OTC share options	Volatility of the underlying market price	Front Arena
Black-76 Model	Caps and floors Swaptions Bond options	Exchange rates, volatility of the underlying market price, risk-free interest rate	Murex

The significant input parameters were reliably established for all of the trading transactions valued using the above-mentioned valuation methods; there were no cases at NORD/LB where it was not possible to calculate the fair value.

Accounting of Securities Lending

NORD/LB assigns the beneficial ownership in securities lending to the lender. The consequence of this is that lent securities remain in the balance sheet of NORD/LB and are valued in accordance with the valuation rules of the respective security category (they often concern securities in the trading portfolio). If NORD/LB borrows securities, the securities are not reported by NORD/LB as the economic benefit has not been assigned to it.

Pension Obligations

NORD/LB's pension obligations have been valued in accordance with the projected unit credit method since the German Accounting Law Modernisation Act came into effect. Using this method current pensions as at the balance sheet date and the part apportioned to the period of employment served to date, the defined benefit obligation, are valued. Increases which are expected in the future due to increases in salary or pension adjustments which are apportionable here are also considered. The defined benefit obligation is calculated by the expected future benefit (the settlement value in terms of § 253 para. 1 clause 2 HGB) being discounted in accordance with § 253 para. 2 HGB with the average market interest rate for the previous seven years. In the process the simplification rule in accordance with § 253 para. 2 clause 2 HGB is used and the interest rate is set at a flat rate for a remaining term of 15 years.

As at 1 January 2011 the present value of pension obligations in accordance with the BilMoG was € 896.896 million. Using the simplification rule in accordance with art. 67 para. 1 clause 1 EGHGB, the allocation will be spread over 15 years. The value in 2011, after taking into account repayments, was € 18.649 million and was shown under extraordinary expenses.

The provision as at 31 December 2011 was € 659.312 million, whereby an obligation of € 258.743 million is not shown in the balance sheet.

When calculating the pension obligations the following assumptions were used for the bank in Germany:

	31 Dec. 2011	31 Dec. 2010
Interest rate	5.14 %*)	5.15 %
Salary increases	2.00 % p.a.	2.00 % p.a.
Pension increases	2.75 %/2.87 %/1.00 %	2.75 %/2.87 %/1.00 %
Fluctuation	3.00 %	3.00%

*) A portion in the amount of € 55 167 thousands was calculated with an interest rate of 5.13 per cent

For the branch in New York, the bank offset the cover assets against the related pension obligations in accordance with § 246 para. 2 HGB (new version). The settlement value of the pension obligation (converted into euros) as at the balance sheet date was € 4 737 772.38. This is seen alongside the fair value of the cover assets as at 31 December 2011 in the amount of € 3 044 247.62. The allocation to the pension obligation for 2011 was € 355 358.17. This is seen alongside income generated by plan assets in the amount of € 236 168.70.

NORD/LB's pension obligation was valued based on the "Richttafeln 2005 G" mortality tables published by Dr. Klaus Heubeck.

For direct pension obligations there was a shortfall as at 31 December 2011 of € 3 097 thousands.

Currency Translation

The currency translation takes place in the non-trading portfolio in accordance with the principles of § 256a in conjunction with § 340h HGB ("special cover") and the statement made by the "Bankenfachausschuss" (Banking Committee) of the "Institut der Wirtschaftsprüfer" (Institute of Public Auditors in Germany) (BFA 4/2011), as the bank controls currency risk via separate currency positions and carries the individual currency items in the currency positions. The special cover comprises all assets, liabilities and pending transactions which are not allocated to the trading portfolio, are financial instruments and are in a foreign currency.

The assets and liabilities are translated at the ECB reference exchange rate or at exchange rates from other reliable sources as at the balance sheet date. Spot exchange transactions and forward foreign exchange transactions which have not been completed are also valued based on the ECB reference exchange rate.

For futures transactions in fixed assets, the pro-rata, not yet amortised swap mark-ups/mark-downs are valued at the current swap rates for the remaining term of the transactions.

The results from the valuation of the remaining positions are added by currency; losses are deducted. Any remaining positive results such as unrealised profits from open items are not considered.

For financial instruments in the trading portfolio the currency translation takes place in accordance with the relevant accounting policies. The results of the currency translations are reported under the item net income or net expenses of the trading portfolio.

Overall the value of NORD/LB's assets and liabilities in foreign currencies totals € 30 167.169 million (€ 32 992.529 million) and € 14 295.878 million (€ 13 872.298 million) respectively.

Formation and Accounting of Valuation Units

At NORD/LB in the following cases economic hedging relationships are shown in the balance sheet by forming valuation units:

- Individual-transaction-specific interest hedges of fixed-interest securities in the liquidity reserve with interest rate swaps (none as at 31 December 2011 € 87 210 thousands; previous year € 0);
- Individual-transaction-specific hedges of the underlying share price or currency exchange rate risks of certain structured issues with share-price or currency-exchange-rate-specific derivatives;
- Individual-transaction-specific hedges of the currency risk from the highly likely repayment of a hybrid capital bond issued in US dollars with a currency swap.

In addition to the above-mentioned hedging relationships shown as valuation units, there are the following economic hedging relationships which are not shown in the balance sheet by forming valuation units, but by the measures below:

- Currency hedges in the banking book. The economic hedging relationship is presented in the balance sheet by the translation of the foreign-currency assets, foreign-currency liabilities and pending currency transactions in accordance with § 256a in conjunction with § 340h HGB.

- Hedging of general interest rate risk in the banking book within the scope of asset/liability management (Overall Bank Management). The economic control relationship is taken into account when assessing whether the requirements for loss-free valuation in the banking book have been complied with by considering all of the interest-bearing banking book assets and liabilities and all interest derivatives in the banking book.

- Hedging of the default risk relating to banking book assets with CDS contracts. The economic hedging relationship is presented in the balance sheet by the hedge effect of the CDS contracts being considered in the calculation of the revaluation requirement for the hedged assets like a loan security.

Where valuation units are formed, at NORD/LB the so-called freezing method as well as the realtime update method is used. The realtime update method is used for the valuation unit for hybrid capital whereas the freezing method is used for asset swap bundles of the liquidity reserve and for the valuation unit for structured bond issues.

Loss-free Valuation in the Banking Book

The bank is convinced that, as a result of its long-established concepts for controlling business terms, the strategies to control interest, currency and liquidity risks in the banking book and the continual limiting and the daily monitoring of market price risks in accordance with MaRisk in the controlling of the banking book, no pending losses (excess liability) were contracted in the portfolio of interest-rate-based financial instruments in the banking book as at 31 December 2011 and therefore the requirements for loss-free valuation in the banking book of NORD/LB-AöR are met within the scope of the 2011 annual financial statements.

II. Disclosures and Notes to the Balance Sheet and Income Statement

The notes below concerning the individual items of the balance sheet and income statement appear in the order that the items are reported:

Notes to the Balance Sheet

Assets

(in € 000)	31 Dec. 2011	31 Dec. 2010
2. Claims on banks		
a) with a residual term of		
Due on demand	4 364 372	4 322 749
less than 3 months	5 317 069	6 664 764
more than 3 months but less than 1 year	3 315 377	3 292 495
more than 1 year less than 5 years	8 691 179	9 695 422
more than 5 years	7 271 041	7 514 696
Balance sheet value	**28 959 038**	**31 490 126**
of which		
Claims on affiliated companies	7 044 644	6 570 438
Claims on companies in which an equity investment exists	1 229 477	1 719 893
Subordinated receivables	350 109	250 905
Used to cover old stock	2 869 684	4 061 556
The full amount of receivables from banks includes:		
Claims on affiliated savings banks	7 635 054	8 388 595
3. Claims on customers		
a) With a residual term of		
less than 3 months	7 247 192	5 159 854
more than 3 months but less than 1 year	5 704 272	3 891 616
more than 1 year less than 5 years	24 211 469	19 383 598
more than 5 years	30 194 118	37 076 909
Balance sheet value	**67 357 051**	**65 511 977**
of which		
Claims on affiliated companies	689 891	81 471
Claims on companies in which an equity investment exists	171 373	126 688
Subordinated receivables	24 244	1 874
Used to cover old stock	6 548 505	7 926 118
With an indefinite term	1 199 620	1 387 492
4. Debt securities and other fixed-interest securities		
a) Money-market instruments		
aa) Issued by public sector borrowers		
Balance sheet value	**31 551**	**33 245**
of which		
due in the following year	31 551	33 245
marketable and listed money-market instruments	31 551	–
marketable and unlisted money-market instruments	–	33 245

Assets

(in € 000)	31 Dec. 2011	31 Dec. 2010
ab) Issued by other borrowers		
Balance sheet value	**23 213**	**222 609**
of which		
due in the following year	23 213	222 609
marketable and listed money-market instruments	–	200 156
marketable and unlisted money-market instruments	–	22 453
b) Bonds and debt securities		
ba) Issued by public sector borrowers		
Balance sheet value	**10 519 913**	**9 561 810**
of which		
due in the following year	1 946 044	2 765 715
marketable and listed money-market instruments	10 454 327	9 420 227
marketable and unlisted money-market instruments	65 586	141 583
Used to cover old stock	421 169	674 336
bb) Issued by other borrowers		
Balance sheet value	**20 320 817**	**24 227 843**
of which		
due in the following year	4 560 845	4 293 252
marketable and listed money-market instruments	18 918 546	23 042 869
marketable and unlisted money-market instruments	1 402 271	1 184 974
Affiliated company securities	2 635	2 837 722
Subordinated debt securities	56 109	56 111
c) Debt securities, issued by the institution itself		
Balance sheet value	**354 550**	**635 911**
of which		
due in the following year	84 154	475 327
marketable and listed money-market instruments	347 102	628 566
marketable and unlisted money-market instruments	7 449	7 345
5. Shares and other variable-yield securities		
Balance sheet value	**1 201 796**	**1 216 360**
of which		
marketable and listed shares and other variable-yield securities	5 585	25 423
marketable and unlisted shares and other variable-yield securities	82 707	132 691
5a. Trading portfolio		
Balance sheet value	**9 347 716**	**7 594 562**
of which		
Derivative financial instruments	4 300 598	2 067 604
Claims	2 350 738	2 530 123
Debt securities and other fixed-interest securities	2 664 679	2 768 119
Shares and other variable-yield securities	42 491	245 427
Risk discount	10 790	16 711

Assets

(in € 000)	31 Dec. 2011	31 Dec. 2010
6. Participating interests		
Balance sheet value	**141 075**	**265 235**
of which		
Marketable unlisted shares	13 994	13 994
The equity holding is shown in III. Paragraph 10.		
7. Shares in affiliated companies		
Balance sheet value	**2 033 941**	**2 380 987**
of which		
Marketable unlisted shares	982 035	1 108 035
The equity holding is shown in III. Paragraph 10.		
8. Assets held in trust		
Balance sheet value	**4 433 657**	**4 288 705**
of which		
Claims on banks	434 700	467 615
Claims on customers	3 998 957	3 821 090
9. Intangible assets		
Balance sheet value	69 630	52 987
of which		
internally generated software	60 324	44 315
10. Tangible assets		
Balance sheet value	**224 669**	**88 752**
of which		
for own activities	162 432	27 518
Operating and office equipment	62 237	61 234
11. Other assets		
Balance sheet value	**1 856 047**	**1 886 727**
of which		
The following are reported as significant items:		
Interest and interest due from interest rate swaps	1 063 622	1 054 153
Premiums paid for options, swaps and caps	540 303	515 900
Tax refunds	22 200	19 594
Outstanding items on interim accounts, not classified	215 872	202 287
Other LTS assets	–	52 181
12. Deferred expenses and accrued income		
Balance sheet value	**989 552**	**732 604**
of which		
deferred premiums in accordance with § 340e Paragraph 2 HGB	360 307	187 421
discounts and maturing premiums	111 742	104 753

Assets

The table below shows the changes to fixed assets:

(in € 000)	Aquisition/ manufac-turing cost	Additions	Disposals	Accumulative depreciation	Balance sheet value 31 Dec. 2011	Balance sheet value 31 Dec. 2010	Depreciation for the accounting-period
Participating interests					141 075	265 235	
Shares in affiliated companies					2 033 941	2 380 987	
Investment securities					17 132 916	21 129 129	
Intangible assets	102 606	33 028	256	65 748	69 630	52 987	16 349
Tangible assets	305 999	153 569	7 919	226 980	224 669	88 752	16 768

Research and development costs in the year under review totalled € 44.1 million, with self-made intangible assets accounting for € 26.9 million of this.

Liabilities and Equity

(in € 000)	31 Dec. 2011	31 Dec. 2010
1. Liabilities to banks		
a) Due on demand		
Balance sheet value	**2 918 963**	**3 790 923**
of which		
Liabilities to affiliated companies	7 625	12 134
Liabilities to companies in which an equity investment exists	–	42 191
b) With an agreed term or notice period		
of which with a residual term of		
less than 3 months	10 809 134	16 781 086
more than 3 months but less than 1 year	6 777 309	3 669 729
more than 1 year but less than 5 years	10 159 855	6 843 944
more than 5 years	6 599 204	10 127 944
Balance sheet value	**34 345 502**	**37 422 703**
of which		
Liabilities to affiliated companies	929 296	942 284
Liabilities to companies in which an equity investment exists	706 987	947 304
Assets pledged as collateral	6 497 142	3 702 275
Credit claims submitted to the Bundesbank at nominal value	1 486 108	–
The full amount of bank loans and overdrafts includes:		
Liabilities to affiliated savings banks	2 699 668	3 066 387
2. Liabilities to customers		
a) Savings deposits		
aa) with an agreed notice period of three months		
Balance sheet value	**809 849**	**810 086**
ab) Savings deposits with an agreed notice period of more than three months		
of which with a residual term of		
less than 3 months	65 793	62 272
more than 3 months but less than 1 year	64 916	60 454
more than 1 year but less than 5 years	342 324	319 916
more than 5 years	934	1 032
Balance sheet value	**473 967**	**443 674**

Liabilities and Equity

(in € 000)	31 Dec. 2011	31 Dec. 2010
b) Other liabilities		
ba) Due on demand		
Balance sheet value	**9 911 890**	**10 055 389**
of which		
Liabilities to affiliated companies	69 603	52 454
Liabilities to companies in which an equity investment exists	57 056	114 657
bb) With an agreed term or notice period		
of which with a residual term of		
less than 3 months	9 741 568	7 350 597
more than 3 months but less than 1 year	3 241 227	1 914 667
more than 1 year but less than 5 years	6 152 043	6 500 394
more than 5 years	12 432 333	13 662 109
Balance sheet value	**31 567 171**	**29 427 767**
of which		
Liabilities to affiliated companies	120 674	110 653
Liabilities to companies in which an equity investment exists	174 128	178 152
3. Securitised liabilities		
a) Issued debt securities		
Balance sheet value	**43 534 751**	**46 735 353**
of which		
Due in the following year	8 554 562	9 561 052
Liabilities to affiliated companies	4 539 185	4 586 413
Liabilities to companies in which an equity investment exists	107 820	–
b) Other securitised liabilities		
of which with a residual term of		
less than 3 months	349 981	1 217 486
more than 3 months but less than 1 year	109 660	346 165
more than 1 year but less than 5 years	6 651	13 207
more than 5 years	72 912	271 491
Balance sheet value	**539 204**	**1 848 349**
3a. Trading portfolio		
Balance sheet value	**4 020 331**	**1 635 478**
of which		
Derivative financial instruments	3 841 797	1 401 007
Liabilities (for short-term securities)	178 534	234 471
4. Liabilities held in trust		
Balance sheet value	**4 433 657**	**4 288 705**
of which		
Liabilities to banks *)	1 529 323	1 374 815
Liabilities to customers	2 904 334	2 913 890

*) Investitionsbank Sachsen-Anhalt equity to the amount of € 129.9 million is included in the figures and for the Group.

Liabilities and Equity

(in € 000)	31 Dec. 2011	31 Dec. 2010
5. Other liabilities		
Balance sheet value	**3 241 428**	**2 614 981**
of which		
reported as significant items:		
Interest payable and accrued interest from swaps	498 375	457 695
Countervalues for outstanding securities purchases	497 513	521 795
Interest payable from profit participation rights, subordinated liabilities and capital contributions	212 643	192 602
Outstanding items on interim accounts, not classified	275 380	220 016
Temporal posting differences relating to German Central Bank items	127 813	–
Adjustment item from currency valuation	1 595 886	1 147 810
6. Deferred income		
Balance sheet value	**763 846**	**673 132**
of which		
deferred discounts in accordance with § 340e Paragraph 2 HGB	48 806	54 934

8. Subordinated liabilities

NORD/LB spent € 135 094 thousands (€ 119 319 thousands) on the liabilities reported.

Borrowings which exceed 10% of the total amount respectively are defined as follows:

Currency amount	**Interest rate**	**Due on**
580 million €	5.75 % p.a.	1 Dec. 2015
500 million €	6.00 % p.a.	29 Jun. 2015

Obligation to make premature repayment could only arise if a change in taxation results in additional payments to a purchaser. Subordination of these funds is in compliance with the Banking Act. Conversion of these funds into capital or into any other form of debt has neither been agreed on nor provided for.

11. Equity

Previous year's earnings are included in the balance sheet profit amounting € 2 368 724,21.

1. Contingent liabilities

Within the contingent liabilities there are nine significant liabilities from guarantees and other indemnity agreements. Single amounts are within a range of € 66 million to € 324 million.

Furthermore NORD/LB has signed letters of comfort for liabilities from guarantees and other indemnity agreements with:
Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover and Berlin,
Nieba GmbH, Hanover,
Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel/Luxembourg.
NORD/LB Asset Management Holding GmbH, Hanover,
NORD/LB COVERED FINANCE BANK S.A., Luxembourg-Findel/Luxembourg,
Skandifinanz AG, Zurich/Switzerland

From the bank's perspective the risk of any usage is considered to below.

2. Other obligations

The irrevocable credit commitments in the reporting period 2011 are broken down as follows:

Commercial enterprises	7 888
Private customers	209
Banks	43

Notes to the Income Statement

The total balance of items 1., 3., 5., 7. and 8. is spread across the following regions:

(in € 000)	2011	2010
Federal Republic of Germany	5 930 017	5 364 977
Europe (excl. of Federal Republic of Germany)	173 328	180 008
North America	200 923	218 831
Asia	168 043	176 570
	6 472 311	**5 940 386**

(in € 000)	2011	2010
7. Net profit/loss of trading portfolio		
The following are reported as material items:		
realised profit/loss from trading portfolio	54 831	189 177
valuation profit/loss from trading portfolio	99 725	118 611
profit from change in value at risk-discount	5 920	2 829
The net profit/loss includes € 25 million from the reversal of the special item according to § 340 e, para. 4, sec. 2, no. 1 HGB.		
8. Other operating income		
The following are reported as material items:		
Reversal of accruals	7 049	7 939
Offsetting of services with promotion institutes	2 655	2 686
Income from rents	4 718	4 766
Income from the resale of hardware and software and services	13 527	19 653
IT services for third parties	5 725	4 401
Book profits from disposals of property and equipment	142	164
Interest income from tax refunds	2 929	9 816
11. Other operating expenses		
The following are reported as material items:		
Interest expenses for payment of tax arrears	5 621	5 173
Expenses for losses resulting from operational risks	366	408
Expenses for the resale of hardware, software and services purchased	16 667	15 246
Payments to the restructuring fund for banks	28 424	–
Interest expense from valuation of provisions	49 128	50 437
Expenses for KSN services	10 463	shown in other position
Allocation to provision for recourse risks	5 430	5 926
16. Expense deriving from allocation to fund for general banking risks		
The following are reported as material items:		
Allocation to special item acc. to § 340e, para.4 German Commercial Code	–	100 000

Other Financial Obligations

a) in accordance with § 285 no. 3 HGB
With regard to the security reserve for landesbanks, NORD/LB's maximum obligation relating to additional contributions is € 161.8 million (€ 215.1 million). In the event of a need for support these subsequent contributions could be collected immediately.

Membership in the regional reserve fund, established on 1 January 2007, and its agent funds results, in the event of a case of debt readjustment among the affiliated institutes, in an obligation to make a maximum additional payment of € 258.3 million (previous year € 258.8 million) if funds available in the savings banks' support fund are insufficient.

NORD/LB has further obligations to make additional contributions in the amount of € 30.5 million (previous year € 30.5 million) in addition to extra joint liabilities for other partners on the part of Liquiditätskonsortialbank GmbH.

Lease agreements entered into by NORD/LB totalled € 0.62 million for IT systems.

With regard to customers there are maximum obligations relating to guarantees to the amount of € 4 475.5 million and letters of credit to the amount of € 275.5 million.

b) in accordance with § 285 no. 3 a HGB
NORD/LB furthermore vouches for the obligations of the Sparkassenverband Niedersachsen (Association of the Savings Banks of Lower Saxony) resulting from its membership in the Deutscher Sparkassen- und Giroverband (German Association of Savings Banks and Girobanks) and the DekaBank Deutsche Girozentrale. In addition joint liability has been assumed for DekaBank Deutsche Girozentrale with the other shareholders of this bank within the scope of the owner function.

Furthermore NORD/LB is, alongside the state of Bremen, guarantor of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen, and, together with Sparkassenverband Niedersachsen (SVN) and Landesbank Berlin Holding AG, also acts as owner for LBS Norddeutsche Landesbausparkasse Berlin-Hannover.

NORD/LB has a 100 per cent holding in Deutsche Hypothekenbank (Actien-Gesellschaft). It is obliged to reimburse Deutscher Sparkassen- and Giroverband e.V. as the owner of the security reserve for landesbanks and giro centres all expenditure including interest and interest lost for supporting measures which cannot be paid from the fund established for Deutsche Hypothekenbank in accordance with the agreement concluded between Deutscher Sparkassen- und Giroverband e.V and Deutsche Hypothekenbank AG on 19 December 2008.

NORD/LB had undertaken to release the Bundesverband deutscher Banken e.V. (Association of German Banks) from all losses which were a result of the measures in accordance with §2 paragraph 2 of the statute of the "Einlagensicherungsfond" (deposit protection fund) for the Deutsche Hypothekenbank (Actien-Gesellschaft). The participation of Deutsche Hypothekenbank (Actien-Gesellschaft) in the German banks' deposit protection fund was terminated as at 31 December 2008. In accordance with § 6 no. 8 of the statute of the deposit protection fund NORD/LB may still be liable for commitments previously entered into by Deutsche Hypothekenbank (Actien-Gesellschaft).

With regard to NORD KB Beteiligungsgesellschaft mbH and NORD KB Dachfonds II Beteiligungsgesellschaft mbH, NORD/LB has an obligation to grant partnerships loans totalling approximately € 14.4 million (€ 21.4 million).

NORD/LB also holds an interest with other limited partners in Immobilien Development und Beteiligungsgesellschaft Niedersachsen mbH IDB & Co. – Objekt Zietenterrassen – KG. One limited partner has indemnified the general partner from liability. In the internal relationship NORD/LB assumes 50 per cent of the possible obligations from this declaration of liability.

NORD/LB has released the personally liable partners of a real estate investment fund from their statutory liability.

Furthermore NORD/LB indemnifies a director of a limited company from all costs, and claims for liability and damages which arise in relation to his activities as a director. NORD/LB has, together with the other limited partner Braunschweig Grund Objektgesellschaft Driebenberg mbH & Co. KG, indemnified the general partner from liability.

In connection with the sale of companies in the NILEG sub-group, NORD/LB guarantees to the purchaser that taxes for periods for which tax audits had not yet been conducted have been fully paid or adequate provisions have been made. In this respect NORD/LB is liable for any additional back taxes if the value exceeds € 0.5 million.

With regard to the inclusion of the shares in FinanzIT GmbH, the withdrawing partners NORD/LB, Bremer Landesbank and Landesbank Saar have committed, together with the remaining partners of FinanzIT, to bear the risks of the company from the time up to their withdrawal, provided they have actually occurred and are not already covered by provisions which have already been made.

Concerning the disposal of the shareholding in LHI Leasing GmbH, Munich, NORD/LB guarantees to the purchaser that any taxes and corresponding liabilities due on and before 31 December 2005 have been paid and provisions for any taxes over and above this amount have been carried in the financial statements for the periods ending on or before 31 December 2005. In this respect NORD/LB is liable for any additional back taxes if the value exceeds € 0.1 million.

Call-in obligations for shares and other interests amounted to € 14 million at year-end (€ 14.5 million).

In addition to this, NORD/LB has deposited securities as collateral relating to transactions on the EUREX, Frankfurt, and foreign forward markets in the nominal amount of € 386 million (€ 213.5 million).

NORD/LB has obligations from long-term rental and lease agreements to 2024 in the nominal amount of € 418.1 million, € 353.5 million of which towards affiliated companies.

Obligations relating to existing rental, lease, guarantee and other similar agreements are within the scope of standard business.

III. Other Disclosures

1. Members of the Managing Board

Dr. Gunter Dunkel
(Chairman)

Christoph Schulz
(Deputy Chairman as at 31 Aug. 2011)

Dr. Hinrich Holm

Eckhard Forst

Dr. Johannes-Jörg Riegler

Ulrike Brouzi
(since 1 Jan. 2012)

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

Norbert Dierkes
Chairman of the Managing Board
Sparkasse Jerichower Land
(since 1 Feb. 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 Jan. 2012)

Dr. Josef Bernhard Hentschel
Chairman of the Managing Board
Sparkasse Osnabrück
(until 31 Dec. 2011)

Frank Hildebrandt
Bank employee
NORD/LB Braunschweig

Dr. Gert Hoffmann
Mayor, City of Braunschweig

Martin Kind
Managing Director
KIND Hörgeräte GmbH & Co. KG

Walter Kleine
Chairman of the Managing Board
Sparkasse Hannover

Manfred Köhler
Salzlandsparkasse Staßfurt
(until 31 Jan. 2012)

Heinrich v. Nathusius
Managing Director
IFA Group

August Nöltker
Union Secretary
ver.di Vereinte Dienstleistungsgewerkschaft

Freddy Pedersen
ver.di Vereinte Dienstleistungsgewerkschaft

Ilse Thonagel
Bank employee
Landesförderinstitut
Mecklenburg-Western Pomerania

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

3. Disclosures concerning Mandates

As at 31 December 2011 the following mandates where held in accordance with § 340a para. 4 no. 1 HGB by members of NORD/LB:

Vorstand

Name	Company*)
Dr. Gunter Dunkel	Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen Continental AG, Hanover Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel Skandifinanz AG, Zurich (former Skandifinanz Bank AG, Zurich)
Christoph Schulz	LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover Norddeutsche Landesbank Luxembourg S.A., Luxemoburg-Findel Toto-Lotto Niedersachsen GmbH, Hanover
Eckhard Forst	DEUTSCHE FACTORING BANK GmbH & Co. KG, Bremen Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover
Dr. Hinrich Holm	Lotto-Toto Sachsen-Anhalt GmbH, Magdeburg (since 1 July 2011) Investitionsbank Sachsen-Anhalt, Magdeburg LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover NORD/LB Capital Management GmbH, Hanover (since 4 November 2011) NORD/LB Kapitalanlagegesellschaft AG, Hanover (since 4 November 2011)
Dr. Johannes-Jörg Riegler	Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen Johannes Berenberg, Gossler & Co. KG, Hamburg Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel

*) Banks and large corporate entities are on equal terms

Other employees

Name	Company*)
Heinz-Werner Frings	SWAN Malaysia Sdn. Bhd., Johore Bahru, Malaysia
Dr. Rüdiger Fuhrmann	Niedersächsische Landgesellschaft mbH, Hanover Deutsche Saatveredelung AG (DSV), Lippstadt
Wolfgang Göhlich	NORD/LB COVERED FINANCE BANK S.A., Luxembourg-Findel
Dr. Michael Lange	Toto-Lotto Niedersachsen GmbH, Hanover
Dietmar Köhne	NORD/LB Project Holding Ltd., London
Jürgen Machalett	NORD/LB COVERED FINANCE BANK S.A., Luxembourg-Findel
Christoph Trestler	NORD/LB Project Holding Ltd., London

*) Banks and large corporate entities are on equal terms

4. Remuneration and Loans to Governing Bodies

(in € 000)	2011	2010
Emoluments paid to active members of executive bodies		
Board of Management	3 208	2 551
Supervisory Board	410	369
	3 618	**2 920**
Emoluments paid to former members of the executive bodies and their dependants		
Board of Management	4 490	4 163
Advances payments, loans and contingencies		
Board of Management	1 476	848
Supervisory Board	1 019	157

€ 43 322 million (€ 49 733 million) was put back for pension obligations towards former members of governing bodies and their surviving dependents, whereby an obligation of € 10 998 million is not reported in the balance sheet.

5. Auditor's Fees

(in € 000)	2011	2010
Audit	3 724	3 394
Other confirmatory/consulting services	2 468	1 221
Tax consulting services	25	26
Other services	63	322

6. Average Number of Employees

(in € 000)	Male 2011	Male 2010	Female 2011	Female 2010	Total 2011	Total 2010
Employees (converted into full-time staff)	2 093	1 976	2 172	2 065	4 265	4 041

Investitionsbank Sachsen-Anhalt and Landesförderinstitut Mecklenburg-Vorpommern account for an additional 617 employees (613 employees).

7. Further Disclosures

Services performed for Third Parties
Significant services performed for third parties concern:
- The management of trust assets
- The management of custodian accounts
- The brokering building loan contracts, investment products, loans and insurance
- The brokering of foreign notes and coins and precious metals for associated savings banks
- Asset management
- The brokering of loans and investment products

No Write-down to Lower Fair Value
The items "debt securities and other fixed-interest securities" and "shares and other variable-yield securities" include securities valued like fixed assets which have not been written down to their lower fair value. These concern the following securities (all book values and fair values disclosed do not include accumulated interest):

(in € 000)	31 Dec. 2011 Book values	31 Dec. 2011 Fair values	31 Dec. 2010 Book values	31 Dec. 2010 Fair values
Bonds and debt securities	9 188 126	8 800 403	10 668 064	10 353 645
Shares	631 164	601 075	560 057	515 120

NORD/LB assumes with all bonds and debt securities that the loss of value is not permanent as the securities are held to final maturity and the issuers are all issuers with first-class credit ratings. If as at the balance sheet date there are valuation units consisting of interest-bearing securities and interest rate swaps, the net fair value of the security and interest rate swap are entered in the above table as the fair value of the security.

The following securities in fixed assets include hidden reserves, i.e. the fair value is above the book value (all book values and fair values disclosed do not include accumulated interest):

(in € 000)	31 Dec. 2011 Book values	31 Dec. 2011 Fair values	31 Dec. 2010 Book values	31 Dec. 2010 Fair values
Bonds and debt securities	6 602 629	6 982 050	8 421 132	8 815 189
Shares	15 000	15 671	15 000	15 401

Marketable Securities Not Valued at Lower of Cost or Market
The items "debt securities and other fixed-interest securities" and "shares and other variable-yield securities" include marketable securities not valued at lower of cost or market, i.e. they are treated as fixed assets (book values do not include accumulated interest).

(in € 000)	31 Dec. 2011	31 Dec. 2010
Debt securities and other fixed-interest securities	16 305 678	20 266 042
Shares and other variable-yield securities	82 707	82 707

The marketable securities not valued at lower of cost or market were separated from the marketable securities valued at lower of cost or market on the basis of the asset category deposited in the portfolio and the valuation method chosen.

Derivatives Not Valued at Fair Value (Derivatives in the Asset Portfolio)

(in € million)	Nominal values 31 Dec. 2011	Positive fair values 31 Dec. 2011	Negative fair values 31 Dec. 2011	Carrying amounts 31 Dec. 2011	Recorded in balance sheet item 31 Dec. 2011
Interest rate risks					
Interest rate swaps	7 409	1 666	– 203	268	Assets 12./ Liabilities 6.
FRAs	–	–	–	–	–
Interest rate options					
purchases	6 025	1 376	–	405	Assets 11.
sales	2 223	–	– 1 051	– 278	Liabilities 5.
Caps, Floors	3 055	29	– 49	– 15	Assets 12./ Liabilities 6.
Stock-exchange contracts	–	–	–	–	–
Other forward interest rate transactions	2 112	2	– 249	–	–
Interest rate risks – total –	**20 822**	**3 073**	**– 1 552**	**380**	**–**
Currency risks					
Forward foreign exchange transactions	1 254	5	– 23	17	Liabilities 5.
Currency swaps/ interest rate currency swaps	793	115	– 24	81	Assets 12./ Liabilities 6.
Currency options					
purchases	–	–	–	–	–
sales	–	–	–	–	–
Currency risks – total –	**2 047**	**120**	**– 47**	**98**	**–**
Shares and other price risks					
Share futures contracts	–	–	–	–	–
Share swaps	311	17	– 13	–	–
Share options					
purchases	–	–	–	–	–
sales	–	–	–	–	–
Stock-exchange contracts	3	–	–	–	–
Shares and other price risks – total –	**314**	**17**	**– 13**	**–**	**–**
Credit derivatives – total –	**4 624**	**25**	**– 85**	**6**	**Assets 12./ Liabilities 6.**
Derivatives not valued at fair value – total	**27 807**	**3 235**	**– 1 697**	**484**	**–**

The derivatives primarily concern transactions which were completed to cover interest rate, exchange rate and other market price risk positions in the asset portfolio.

Nominal values constitute the gross volume of all purchases and sales and long and short positions. With share options, to calculate the nominal value the closing rate of the underlying transaction is multiplied by the number of shares. For all contracts, fair values and book values are shown excluding accrued interest. Positive and negative fair values of contracts with the same counterparty were not offset against each other.

All of the fair values included in the above table were calculated reliably. Concerning the valuation methods used, the section "Calculation of fair values" is referred to.

Derivatives Valued at Fair Value (Derivatives in the Trading Portfolio)
Derivatives valued at fair value – broken down by risk type and transaction type

(in € million)	Nominal values 31 Dec. 2011
Interest rate risks	
Interest rate swaps	194 290
FRAs	6 782
Interest rate options	
purchases	3 241
sales	6 618
Caps, Floors	5 091
Stock-exchange contracts	–
Other forward interest rate transactions	571
Interest rate risks – total –	**216 593**
Currency risks	
Forward foreign exchange transactions	15 307
Currency swaps/interest rate currency swaps	35 584
Currency options	
purchases	536
sales	466
Currency risks – total –	**51 892**
Shares and other price risks	
Share futures contracts	–
Share swaps	–
Share options	
purchases	29
sales	3
Stock-exchange contracts	19
Shares and other price risks – total –	**52**
Credit derivatives – total –	**273**
Derivatives not valued at fair value – total	**268 810**

Nominal values constitute the gross volume of all purchases and sales and long and short positions. With share options, to calculate the nominal value the closing rate of the underlying transaction is multiplied by the number of shares.

Derivatives valued at fair value – broken down by risk type and residual term to maturity

(in € million)	Nominal values 31 Dec. 2011
Interest rate risks	
Residual terms to maturity	
up to 3 months	15 627
up to 1 year	31 842
up to 5 years	93 419
more than 5 years	75 706
	216 593
Currency risks	
Residual terms to maturity	
up to 3 months	10 771
up to 1 year	9 482
up to 5 years	17 664
more than 5 years	13 976
	51 892
Shares and other price risks	
Residual terms to maturity	
up to 3 months	24
up to 1 year	11
up to 5 years	16
more than 5 years	–
	52
Credit derivates	
Residual terms to maturity	
up to 3 months	19
up to 1 year	65
up to 5 years	146
more than 5 years	43
	273

The maturity breakdown is based on residual terms to maturity. With interest rate risk contracts, the term of the underlying interest-bearing transaction (e.g. futures) is used and with the remaining risks the contract term is used.

Derivatives valued at fair value – broken down by counterparty

(in € million)	Nominalwerte 31 Dec. 2011
Banks in the OECD	230 467
Banks outside the OECD	456
Public institutions in the OECD	8 309
Other counterparties*)	29 578
Total	**268 810**

*) including stock exchange contracts

Disclosures concerning Valuation Units

NORD/LB has included the following assets, liabilities and pending transactions as underlying transactions in valuation units (assets and liabilities disclosed at book value not including accumulated interest; pending transactions disclosed in nominal volume):

(in € 000)	31 Dec. 2011 Underlying transaction hedged against		
	Interest rate risk	Share price risk	Currency risk
Assets			
Fixed-interest securities for the liquidity reserve	91 336	–	–
Assets – total	**91 336**	**–**	**–**
Pending transactions			
Derivatives separated from structured issues			
share-price-related derivatives	–	687 897	–
exchange-rate-related derivatives	–	–	5 000
Pending transactions – total	**–**	**687 897**	**5 000**
Transactions expected with a high probability*)			
Repayment of an issued USD hybrid capital bond	–	–	386 429
Transactions expected with a high probability – total	**–**	**–**	**386 429**
Valuation units – total	**91 336**	**687 897**	**391 429**

*) The transaction expected with high probability concerns the repayment of a hybrid capital bond issued by NORD/LB in US dollars. The repayment of the bond will with high probability be made at the earliest possible time (30 June 2020), as otherwise the interest coupon to be paid would increase (so-called step-up).

The total of all underlying transactions included in valuation units is therefore € 1170.662 million.

All of NORD/LB's valuation units are perfect micro hedges, which NORD/LB understands as those hedging relationships where the cash-flow-determining parameters of the underlying and hedge transactions agree exactly. For example the derivatives embedded in structured issues (e.g. embedded share derivatives) are hedged by hedging transactions which correspond exactly with the structure of the embedded derivatives. For valuation units consisting of fixed-interest securities in the liquidity reserve and interest rate swaps (there were none as at 31 December 2010). only the fixed side of the interest rate swap is included in the valuation unit in terms of § 254 HGB, so that changes in value on the variable side of the interest rate swap are shown outside of the valuation unit and therefore do not impair the effectiveness of the valuation unit. Agreement between the cash-flow-determining parameters of the underlying and hedge transactions is controlled when forming the valuation unit and during its term by a position which is independent of trading. Due to the above-mentioned reasons, the changes in the value of the underlying and hedge transactions which occur between the formation of valuation units and the balance sheet date balance out completely, providing they are the subject of the valuation units. The ineffectiveness of all valuation units to date is calculated retrospectively at NORD/LB by the Critical Terms Match method. NORD/LB also expects due to the above–mentioned reasons that future changes in value (insofar as changes in value relate to the valuation units) will balance out completely over the whole term of a valuation unit, i.e. the Critical Terms Match method is also used for the prospective assessment of the effectiveness of the hedging relationships.

Deferred Taxes

The deferred taxes of NORD/LB in Germany are measured using the tax rate which is applicable as at the balance sheet date and also in the future of 31.5 per cent. This combined income tax rate comprises corporation tax, trade tax and the solidarity surcharge. Different tax rates apply for the foreign branches.

Deferred tax liabilities relating to the different tax approach for debt securities, intangible assets, property and equipment and other liabilities were offset with deferred tax assets against temporary differences in loans and advances to customers, pension provisions, other provisions and tax losses carried forward.

The recoverable deferred tax assets were offset against deferred tax liabilities. Deferred tax assets beyond those offset are not reported in accordance with the option provided for in § 274 para. 1 clause 2 HGB.

Values Subject to Dividend Payout Restrictions

In 2011 self-made intangible fixed assets in the amount of € 26.9 million were capitalised. In addition to this, the fair value of the cover assets totals € 3.0 million. The dividend payout restriction for such values enshrined in § 268 para. 8 HGB does not affect the profit for the financial year 2011 as the disposable reserves plus the profit carried forward are greater than the intangible fixed assets and the cover assets.

Repos

Securities and other assets with a book value totalling € 5 052 million (€ 9 440 million) were committed by NORD/LB within the scope of genuine repos. The counterparty risk is manageable.

Special investment assets

Name of the special asset	NORD/LB AM 52	NORD/LB AM 56	NORD/LB AM 65
Former	NORDCON-Fonds SP 52	NORDCON-Fonds SP 56	NORDCON-Fonds 65
Type of special asset	Special asset	Special asset	Special asset
Investment objective	The investment objective of the fund is to participate in market returns in North American bond and share markets.	The fund serves as at subportfolio for strategic interest management	The objective of the fund is diversified investment in asset-backed securities. The asset-backed securities of the fund are part of the ABS-Workout portfolio of NORD/LB AöR.
Reporting date	30 Dec. 2011	30 Dec. 2011	30 Dec. 2011
Special assets (in € 000) Shares – total	179 341*) 2 305 055	376 229 3 683 108	541 870 5 839 116
Shares of NORD/LB as at the reporting date	2 305 055	3 683 108	5 839 116
Values of the shares according to §26 of the German Investment Act (InvG) as at reporting date	100.67	102.15	92.80
Carrying amount (in € 000)	178 251*)	371 796	567 272
Difference between fair value and carrying amount (in € 000)	1 091*)	4 433	– 25 402
Dividends paid out in the final year acc. to shares of NORD/LB (gross in € 000)	114*)	15 000	661
Reporting year of NORD/LB Reporting year of the special asset	1 Jan.–31 Dec. 1 Dec.–30 Nov.	1 Jan.–31 Dec. 1 Dec.–31 Dec.	1 Jan.–31 Dec. 1 Dec.–31 Dec.
Restrictions in the possibility of daily return	None	None	None
Reasons for no write-down § 253 para. 3 clause 4 of the German Commercial Code	–	–	Loss of value is not likely to be permanent
Pointers for the loss of value not being permanent	–	–	Assets held in the fund are likely to cover the carrying amount upon repayment

*) in 000 US$

Name of the special asset	NORD/LB AM High Yield-Fonds	NORD/LB AM Emerging Markets Bond-Fonds	NORD/LB AM Global Challends Index-Fonds	NORD/LB AM LZWK Fonds
Former	NORD/LB AM High Yield-Fonds	NORDCON Emerging Markets Bond-Fonds	NORD/LB AM Global Challends Index-Fonds	
Type of special asset	Public fund	Public fund	Public fund	Public fund
Investment objective	The investment object of the NORD/LB AM High Yield Fund is to generate an attractive return with diversified investment in high-interest bonds.	The investment objective of the fund is to generate and above-average increase in value by exploiting opportunities in international bond markets.	The investment object of NORD/LB AM Global Challenges Index Fund is to copy the Global Challenges Index® as closely as possible while maintaining an appropriate risk spread.	The investment object of NORD/LB AM LZWK fund is to generate long-term and steady growth for the monetary assets for paid leave brought in by the NORD/LB employees.
Reporting date	30 Dec. 2011	30 Dec. 2011	30 Dec. 2011	30 Dec. 2011
Special assets (in € 000) Shares – total	47 916 525 230	45 237 433 016	50 268 704 137	3 777 37 760
Shares of NORD/LB as at the reporting date	494 400	150 000	197 513	23 841
Values of the shares according to § 26 of the German Investment Act (InvG) as at reporting date	91.23	104.47	71.39	100.02
Carrying amount (in € 000)	49 148	15 000	18 558	2 385
Difference between fair value and carrying amount (in € 000)	– 4 044	671	– 4 458	0
Dividends paid out in the final year acc. to shares of NORD/LB (gross in € 000)	3 323	685	210	–
Reporting year of NORD/LB Reporting year of the special asset	1 Jan.–31 Dec. 1 Apr.–31 Mar.	1 Jan.–31 Dec. 1 May–30 Apr.	1 Jan.–31 Dec. 1 Sep.–31 Aug.	1 Jan.–31 Dec. 1 Oct.–30 Sep.
Restrictions in the possibility of daily return	None	None	None	None
Reasons for no write-down § 253 para. 3 clause 4 of the German Commercial Code	–	–	–	–
Pointers for the loss of value not being permanent	–	–	–	–

8. Cover Statement

(Old portfolio/issues before 19 July 2005)

(in € 000)	31 Dec. 2011	31 Dec. 2010
Mortgage bond coverage		
Liabilities requiring cover		
Mortgage bonds	1 270 000	1 538 142
discharged and cancelled items	–	–
Registered debentures (as security on loans taken up)	–	–
	1 270 000	**1 538 142**
Covering assets		
Loans to customers secured by mortgages	1 348 529	1 955 062
Public issuer securities	–	–
Substitute credit institution cover	60 000	69 000
	1 408 529	**2 024 062**
Surplus cover	**138 529**	**485 920**
Municipal cover		
Liabilities requiring cover		
Municipal debentures	6 016 717	8 002 182
discharged and cancelled items	–	–
Registered municipal debentures (to secure loans taken up)	1 009 323	1 225 442
	7 026 040	**9 227 624**
Covering assets		
Municipal loans		
to financial institutions	2 528 658	3 376 709
to customers	5 199 976	5 971 056
Public issuer securities	421 169	674 336
Fixed deposits from public-sector banks	1 454	2 497
Substitute credit institution cover	279 572	613 350
	8 430 829	**10 637 948**
Surplus cover	**1 404 789**	**1 410 324**

This old portfolio (cover and in circulation) was encapsulated in accordance with § 51 of the Covered Bond Act and is held separately from the new cover in accordance with the regulations applicable up until the Covered Bond Act came into effect.

9. Cover statement for NORD/LB in accordance with § 28 of the Covered Bond Act

Covered bonds in circulation and cover pools

(in € million)	Nominal	Cash value	Risk cash asset + 250 bp	Risk cash asset – 250 bp	Risk cash asset of currency
Mortgage bonds					
Total circulation	768 (1 033)	839 (1 091)	774 (1 015)	896 (1 174)	774 (1 015)
Guarantee fund total [1]	2 114 (2 347)	2 280 (2 483)	2 145 (2 340)	2 394 (2 637)	2 145 (2 340)
Excess coverage	**1 346** (1 314)	**1 441** (1 392)	**1 371** (1 325)	**1 498** (1 463)	**1 371** (1 325)
Excess coverage in %	175 (127)	172 (128)	177 (131)	167 (125)	177 (131)
Public mortgage bonds					
Total circulation	19 811 (20 702)	22 153 (22 286)	19 861 (20 159)	24 788 (24 899)	20 190 (20 432)
Guarantee fund total [2]	27 334 (24 564)	29 886 (26 054)	27 044 (23 689)	33 117 (29 035)	27 112 (23 696)
Excess coverage	**7 523** (3 862)	**7 733** (3 768)	**7 183** (3 530)	**8 329** (4 136)	**6 922** (3 264)
Excess coverage in %	38 (19)	35 (17)	36 (18)	34 (17)	34 (16)
Shipping covered bonds					
Total circulation	10 (110)	10 (109)	9 (106)	11 (111)	9 (106)
Guarantee fund total [3]	575 (707)	595 (721)	553 (667)	615 (762)	460 (559)
Excess coverage	**565** (597)	**585** (612)	**544** (561)	**604** (651)	**451** (453)
Excess coverage in %	5 650 (543)	5 850 (562)	6 044 (529)	5 491 (587)	5 011 (427)

[1] Amounts acc. to § 19, para. 1, no. 2 and 3 are not included in the cover pool.
[2] Amounts acc. to § 20, para. 2, no. 2 are included in the cover pool in the amount of € 1 116 million (€ 920 million).
[3] Amounts acc. to § 26, para. 1, no. 3 and 4 are not included in the cover pool.

Derivatives acc. to § 19, para 1, no. 4 in connection with § 20, para. 2, no. 3 and § 26, para. 1, no. 5 are not included in the cover pool.

Maturity structure of the covered bonds in circulation, fixed interest periods and cover pools:

(in € million)	less than 1 year	more than 1 year but less than 2 years	more than 2 years but less than 3 years	more than 3 years but less than 4 years	more than 4 years but less than 5 years	more than 5 years but less than 10 years	more than 10 years
Mortgage bonds	139 (372)	103 (46)	50 (102)	63 (50)	255 (63)	108 (350)	50 (50)
Guarantee fund total	476 (469)	209 (251)	265 (271)	247 (255)	268 (195)	551 (805)	98 (101)
Public mortgage bonds	4 247 (3 294)	2 464 (3 386)	1 967 (2 310)	1 135 (1 861)	2 164 (1 157)	4 208 (5 111)	3 626 (3 583)
Guarantee fund total	2 499 (2 611)	2 506 (1 624)	2 961 (2 104)	6 068 (2 277)	1 863 (5 607)	7 255 (6 315)	4 182 (4 026)
Shipping covered bonds	– (100)	– (–)	10 (–)	– (10)	– (–)	– (–)	– (–)
Guarantee fund total	129 (144)	116 (119)	80 (104)	83 (78)	60 (79)	101 (163)	6 (20)

Receivables used to cover covered bonds by size:

(in € million)	Covering assets 31 Dec. 2011	Covering assets 31 Dec. 2010
Mortgage bonds		
Less than € 0.3 million	869	832
More than € 0.3 million and less than € 5 million	440	434
More than € 5 million	671	915
	1 980	**2 181**
Shipping covered bonds (ocean-going vessels only)		
Less than € 0.5 million	–	1
More than € 0.5 million and less than € 5 million	126	133
More than € 5 million	430	534
	556	**668**

Receivables used to cover mortgage covered bonds by country in which the land securities are located and by type of use:

	Covering assets					
(in € million)	commercial 31 Dec. 2011	commercial 31 Dec. 2010	residential 31 Dec. 2011	residential 31 Dec. 2010	Other 31 Dec. 2011	Other 31 Dec. 2010
Germany						
Apartments	–	–	163	160	–	–
One-Family-Houses	–	–	525	496	–	–
Apartment Buildings	–	–	445	413	–	–
Office Buildings	352	448	–	–	–	–
Nonresidential Building	66	62	–	–	–	–
Industrial Building	2	3	–	–	–	–
Other commercial real estate	252	324	–	–	–	–
Unfinished and Non-Productive New Buildings	–	–	1	1	–	–
Building sites	–	–	1	1	–	–
Real Estate	2	2	–	–	–	–
Over-collateralisation			–	–	–	–
Luxembourg						
Office Buildings	119	121	–	–	–	–
France						
Office Buildings	–	–	–	–	–	–
The Netherlands						
Office Buildings	20	40	–	–	–	–
Austria						
Office Buildings	9	9	–	–	–	–
Poland						
Office Buildings	23	90	–	–	–	–
Spain						
Office Buildings	–	11	–	–	–	–
USA (incl. Puerto Rico)						
Office Buildings	–	–	–	–	–	–

The value of receivables used to cover mortgage covered bonds which were outstanding by at least 90 days was € 19 thousand (€ 28 thousand) for land securities in Germany.

There were no cases of forced sale, forced receivership or takeovers of land to prevent losses. Arrears on interest to be paid amounted to € 377 thousand (€ 458 thousand).

Receivables used to cover public sector covered bonds by type of debtor or granting authority and their location:

(in € million)	County	Regional local authorities	Public local authorities	Other debtors
Germany	868 (187)	7 088 (5 971)	4 906 (4 404)	13 674 (13 466)
Belgium	0*) (–)	– (–)	– (–)	– (–)
Great Britain	70 (–)	– (–)	– (–)	– (–)
Finnland	30 (–)	– (–)	– (–)	– (–)
Italy	– (50)	– (–)	– (–)	– (–)
Latvia	– (–)	– (–)	32 (45)	– (–)
Hungary	– (20)	– (–)	– (–)	– (–)
Luxembourg	– (–)	– (–)	– (–)	116 (30)
Austria	88 (38)	– (–)	– (–)	462 (353)

*) Receivable in the amount of € 0.248 million.

Receivables used to cover ship mortgage covered bonds by country in which the ships and shipbuilding yards lent against are registered, broken down by ship type:

	Covering assets					
(in € million)	Maritime navigation 31 Dec. 2011	Maritime navigation 31 Dec. 2010	Inland shipping navigation 31 Dec. 2011	Inland shipping navigation 31 Dec. 2010	Other 31 Dec. 2011	Other 31 Dec. 2010
Germany	430	513	–	–	–	–
Cyprus	126	155	–	–	–	–
Excess Coverage	–	–	–	–	15	15

There were no cases of forced sale, forced receivership or takeovers of ships or shipbuilding to prevent losses. Arrears on interest to be paid amounted to € 2.783 million (€ 6.442 million).

10. List of Equity Holdings

The list below contains the equity holdings in accordance with § 285 no. 11 and 11a HGB and investments in terms of § 340a para. 4 no. 2 HGB. Included are all companies in which there is an equity holding of 20 per cent or more, unless they are of minor significance for the presentation of the assets, financial and earnings position, and investments in large corporations which exceed 5 per cent of the voting rights.

No.	Name / registered office	Share of capital held (in %)	Equity (in € 000)	Profit / Loss (in € 000)
	Affiliated companies			
1	BGG Bremen GmbH & Co. KG, Bremen [1) 10)]	100.00	2 090	174
2	BGG Oldenburg GmbH & Co. KG, Bremen [1) 10)]	100.00	8 615	914
3	BLB Immobilien GmbH, Bremen [1) 10)]	100.00	44 695	0
4	BLB Leasing GmbH, Oldenburg [1) 10)]	100.00	511	0
5	BLBI Beteiligungs-GmbH, Bremen [1) 10)]	100.00	51	8
6	Braunschweig Advisors GmbH, Braunschweig [1) 8)]	100.00	25	– 1
7	Braunschweig Gesellschaft mit beschränkter Haftung, Braunschweig [3) 8)]	100.00	30 626	–
8	Braunschweig Grund Objektgesellschaft Driebenberg mbH & Co. KG, Braunschweig [2) 8)]	100.00	375	– 163
9	Braunschweig Grundstücksentwicklungsgesellschaft mbH, Braunschweig [1) 8)]	100.00	28	3
10	Braunschweig-Beteiligungsgesellschaft mbH, Braunschweig [1) 8)]	100.00	8 597	0
11	Braunschweig-Informationstechnologie-GmbH, Braunschweig [1) 10)]	100.00	3 160	0
12	Bremer Landesbank Kreditanstalt Oldenburg -Girozentrale- , Bremen [10) 12)]	92.50	1 348 677	78 000
13	Bremische Grundstücks-GmbH, Bremen [1) 10)]	100.00	59 025	2 792
14	Bremische Grundstücks-GmbH & Co. KG Präsident-Kennedy-Platz, Bremen [1) 10)]	100.00	4 980	790
15	Bremische Grundstücks-GmbH & Co. Wohnanlagen Groß-Bonn, Bremen [1) 10)]	100.00	150	52
16	City Center Magdeburg Hasselbach-Passage Grundstücksgesellschaft mbH, Hanover [5)]	100.00	42	– 1
17	Deutsche Hypo Delaware Blocker Inc., Wilmington, USA [1) 10) 11)]	100.00	11 246	– 2 894
18	Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover / Berlin [10) 12)]	100.00	941 950	11 001
19	FL FINANZ-LEASING GmbH, Wiesbaden [2) 8)]	58.00	289	– 273
20	HALOR GmbH i. L., Pöcking [8)]	100.00	36	10
21	HERMA Verwaltungs- und Beteiligungsgesellschaft mit beschränkter Haftung, Hanover [1) 8)]	100.00	546	1
22	IRC Verwaltung GmbH & Co. Objekt Nienburg KG, Pullach i. Isartal [1) 8)]	98.00	25	0
23	IRC Verwaltung GmbH & Co. Objekt Unterföhring KG, Pullach i. Isartal [1) 8)]	98.00	24	– 1
24	KreditServices Nord GmbH, Braunschweig [10)]	100.00	581	6
25	LBT Holding Corporation Inc., Wilmington, USA [8)]	100.00	188	– 175
26	LHI Leasing GmbH & Co. Immobilien KG, Pullach i. Isartal [2) 8)]	90.00	974	21
27	MALIBO GmbH & Co. Unternehmensbeteiligungs KG, Pullach i. Isartal [10)]	77.81	9 455	1 493
28	Medicis Nexus GmbH & Co. KG, Icking [8)]	66.01	10 969	117
29	NBN Grundstücks- und Verwaltungs-GmbH, Hanover [1) 5)]	100.00	1 148	– 1 063
30	NBN Norddeutsche Beteiligungsgesellschaft für Immobilien in Niedersachsen mbH, Hanover [2) 5)]	90.00	1 894	– 1 653
31	Nieba GmbH, Hanover [3) 10)]	100.00	162 700	–
32	NORD/Advisors Norddeutsche Financial & Strategic Advisors GmbH, Hanover [8)]	100.00	41	8
33	NORD/FM Norddeutsche Facility Management GmbH, Hanover [3) 10)]	100.00	636	–
34	NORD/LB Asset Management Holding GmbH, Hanover [10)]	100.00	6 703	– 18
35	NORD/LB Beteiligungsgesellschaft in Mecklenburg-Vorpommern und Sachsen-Anhalt mbH, Hanover [3) 8)]	100.00	513	–

No.	Name/registered office	Share of capital held (in %)	Equity (in € 000)	Profit / Loss (in € 000)
36	NORD/LB Capital Management GmbH, Hanover [1) 10)]	100.00	1 609	305
37	NORD/LB COVERED FINANCE BANK S.A., Luxembourg-Findel, Luxembourg [1) 10) 11) 12)]	100.00	57 580	4 142
38	NORD/LB G-MTN S.A., Luxemburg-Findel, Luxembourg [10) 11)]	100.00	31	0
39	NORD/LB Informationstechnologie GmbH, Hanover [3) 8)]	100.00	25	–
40	NORD/LB Kapitalanlagegesellschaft AG, Hanover [1) 10) 12)]	100.00	4 410	– 224
41	NORD/LB Project Holding Ltd., London, Great Britain [8)]	100.00	447	101
42	NORD/LB RP Investments LLC, Wilmington, USA [8)]	100.00	1 419	– 390
43	Norddeutsche Investitionen Beteiligungsgesellschaft mbH, Hanover [8)]	100.00	15 191	31
44	Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel, Luxembourg [10) 11) 12)]	100.00	612 050	45 952
45	NORDIG Norddeutsche Investitionsgesellschaft mbH, Hanover [8)]	100.00	199	– 2
46	Nord-Ostdeutsche Bankbeteiligungs GmbH, Hanover [3) 10)]	100.00	289 520	–
47	NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen [1) 10)]	100.00	4 528	1 816
48	NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG, Bremen [1) 10)]	100.00	1 107	648
49	Öffentliche Facility Management GmbH, Braunschweig [1) 10)]	100.00	25	0
50	Öffentliche Facility Management Leben GmbH & Co. KG, Braunschweig [1) 10)]	100.00	19 029	467
51	Öffentliche Facility Management Sach GmbH & Co. KG, Braunschweig [1) 10)]	100.00	15 877	229
52	Öffentliche Lebensversicherung Braunschweig, Braunschweig [10)]	75.00	32 131	768
53	Öffentliche Sachversicherung Braunschweig, Braunschweig [10)]	75.00	261 548	1 502
54	PLM Grundstücksverwaltung Gesellschaft mit beschränkter Haftung, Hanover [8)]	100.00	32	– 2
55	Porzellanmanufaktur FÜRSTENBERG GmbH, Fürstenberg/Weser [1) 3) 8)]	98.00	3 088	–
56	Ricklinger Kreisel Beteiligungs GmbH, Hanover [1) 8)]	100.00	38	– 1
57	Schiffsbetriebs-Gesellschaft Bremen mbH, Bremen [1) 8)]	100.00	1 082	12
58	SGK Servicegesellschaft Kreditmanagement mbH, Frankfurt am Main [8)]	100.00	802	– 840
59	Skandifinanz AG, Zurich, Schweiz [1) 10) 11) 12)]	100.00	26 774	– 5 113
60	TANGENS Grundstücksverwaltung GmbH & Co. Vermietungs-KG, Pullach i. Isartal [8)]	100.00	22	– 1
61	Terra Grundbesitzgesellschaft am Aegi mbH, Hanover [1) 10)]	100.00	346	– 1 910
62	Themis 1 Inc., Wilmington, USA [8)]	100.00	7 693	1 972
63	Unterstützungseinrichtung der Bremer Landesbank Kreditanstalt Oldenburg GmbH, Bremen [1) 8)]	100.00	35 513	2 796
64	Vermögensverwaltungsgesellschaft Thiede GmbH & Co. Objekt Celle-Altenhagen Vermietungs-KG, Hanover [8) 13)]	72.70	– 4 192	446
65	Vermögensverwaltungsgesellschaft Thiede GmbH u. Co. Grundschulen-Vermietungs-KG, Hanover [8)]	79.80	5	– 12
66	Vermögensverwaltungsgesellschaft Thiede GmbH u. Co. Tiefgarage Stade Vermietungs KG, Hanover [8) 13)]	90.00	– 2 866	10
67	Vermögensverwaltungsgesellschaft Thiede mit beschränkter Haftung, Braunschweig [1) 3) 8)]	100.00	1 278	–

No.	Name / registered office	Share of capital held (in %)	Equity (in € 000)	Profit / Loss (in € 000)
	Other companies of min. 20 per cent share			
1	Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede [1) 8)]	32.26	28 247	1 416
2	BREBAU GmbH, Bremen [1) 8) 12)]	48.84	44 777	4 793
3	Bremer Spielcasino GmbH & Co. Kommanditgesellschaft, Bremen [1) 8) 14)]	49.00	–	–
4	Bremer Toto und Lotto Gesellschaft mit beschränkter Haftung, Bremen [1) 8)]	33.33	4 283	3
5	Brocken Verwaltungs- und Vermietungs-GmbH & Co. KG, Wernigerode [8)]	50.00	5 100	365
6	Bürgschaftsbank Mecklenburg-Vorpommern GmbH, Schwerin [8) 12)]	20.89	14 967	235
7	Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg [8) 12)]	20.44	11 362	252
8	Deutsche Factoring Bank Deutsche Factoring GmbH & Co., Bremen [1) 8) 12)]	27.50	71 459	19 880
9	Gewobau Gesellschaft für Wohnungsbau, Vechta, mbH, Vechta [1) 8)]	20.46	9 602	561
10	GSG Oldenburg Bau- und Wohngesellschaft mit beschränkter Haftung, Oldenburg [1) 8) 12)]	22.22	63 131	3 654
11	Grundstücksgemeinschaft Escherweg 5 GbR, Bremen [1) 10)]	50.00	– 1 564	– 382
12	Immobilien Development und Beteiligungsgesellschaft Niedersachsen mit beschränkter Haftung IDB & Co. – Objekt Zietenterrassen – KG, Göttingen [2) 8)]	52.56	3 171	1 409
13	INI International Neuroscience Institute Hannover GmbH, Hanover [1) 5)]	22.67	– 11 131	– 1 066
14	LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hanover [1) 8) 12)]	44.00	311 058	13 600
15	LHI Leasing GmbH, Pullach i. Isartal [2) 4) 10) 12)]	49.00	46 192	3 594
16	LINOVO Productions GmbH & Co. KG, Pöcking [8) 13)]	45.17	– 44 617	3 449
17	Medical Park Hannover GmbH, Hanover [1) 8)]	50.00	1 841	328
18	Mittelständische Beteiligungsgesellschaft Mecklenburg-Vorpommern mbH, Schwerin [8)]	26.00	9 182	671
19	Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mit beschränkter Haftung, Hanover [8)]	39.82	8 091	2 109
20	NBV Beteiligungs-GmbH, Hamburg [2) 8)]	28.57	19 558	1 905
21	NORD Holding Unternehmensbeteiligungsgesellschaft mit beschränkter Haftung, Hanover [8)]	40.00	95 377	15 234
22	NORD KB Beteiligungsgesellschaft mit beschränkter Haftung, Hanover [8)]	28.66	6 725	2 150
23	Öffentliche Versicherung Bremen, Bremen [1) 8)]	20.00	6 020	360
24	SALEG Sachsen-Anhaltinische-Landesentwicklungsgesellschaft mbH, Magdeburg [8)]	56.61	11 804	473
25	Toto-Lotto Niedersachsen GmbH, Hanover [8) 12)]	49.85	28 600	18 361
26	USPF III Beteiligungsgesellschaft mbH & Co. KG, Düsseldorf [1) 7)]	42.86	5 126	– 1 498
27	Wohnungsbaugesellschaft Wesermarsch mit beschränkter Haftung, Brake [1) 8)]	21.72	18 266	225
	NORD/LB is a partner with unlimited liability in the following company (§ 285 no. 11 a HGB)			
1	GLB GmbH & Co. OHG, Frankfurt am Main			
	Investments in terms of § 340a para. 4 no. 2 of the German Commercial Code, unless reported as an affiliated company or other shareholding			
1	HCI HAMMONIA SHIPPING AG, Hamburg			
2	Niedersächsische Bürgschaftsbank (NBB) Gesellschaft mit beschränkter Haftung, Hanover			

1) Held indirectly.
2) Including shares held indirectly.
3) Letter of comfort exists.
4) Proportionately consolidated.
5) Data as at 31 Dec. 2009 is available.
6) Data as at 30 Jun. 2010 is available (different financial year).
7) Data as at 30 Sep2010 is available (different financial year).
8) Data as at 31 Dec. 2010 is available.
9) Data as at 30 Sep. 2011 (different financial year) is available.
10) Preliminary data as at 31 Dec. 2011.
11) Values in the financial statements in accordance with IAS / IFRS.
12) Disclosure also in accordance with § 340a para. 4 no. 2 of the German Commercial Code (banks are interpreted as large corporate entities).
13) The company is not actually overindebted.
14) No disclosure in accordance with § 286 para. 3 clause 2 of the German Commercial Code

The management report is neither included nor incorporated by reference into this Prospectus.

The following is an English translation of the audit opinion, which has been prepared on the basis of the German language version of the Financial Statements and the Management Report.

Audit Opinion

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of Norddeutsche Landesbank Girozentrale, Hannover, Braunschweig and Magdeburg, for the fiscal year from 1 January to 31 December 2011. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and the supplementary articles of bylaws are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB [„Handelsgesetzbuch": „German Commercial Code"] and German generally accepted standards for the audit 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 audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion. Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary articles of bylaws and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Hanover, 24 February 2012

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Müller-Tronnier
Wirtschaftsprüfer
[German Public Auditor]

Hultsch
Wirtschaftsprüfer
[German Public Auditor]

XIII. NAMES AND ADDRESSES

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to the Dealers as to German law

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to Norddeutsche Landesbank – Girozentrale –
as to the Prospectus

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Bockenheimer Landstrasse 20
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XIV. PAGE OF SIGNATURES

Hanover, in June 2012

NORDDEUTSCHE LANDESBANK
– GIROZENTRALE –

signed	signed
Sewing	Halbe