

**Disclosure Report
in accordance with the EU Capital
Requirements Regulation (CRR)**

as at 31 March 2015

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1 Preamble

This report as at 31 March 2015 constitutes the disclosure of the qualitative and quantitative information of the NORD/LB Group required on this date in accordance with the CRR by Norddeutsche Landesbank Girozentrale, Hanover, (NORD/LB) as the superordinate institute of the NORD/LB Group.

The Disclosure Report is an additional document supplementing the Annual Report of the NORD/LB Group on the basis of International Financial Reporting Standards (IFRS).

Information about own funds during the transitional period, the capital requirements and the leverage ratio is disclosed.

Quantitative disclosures contained in this report are based on IFRSs, which constituted the basis for

preparing regulatory reports in accordance with the CRR in the NORD/LB Group.

For further information about risk, and in particular about the organisation of risk management including the risk control models used, we refer to the Management Report of the NORD/LB Group, Basic Information about the NORD/LB Group and the Forecast, Risk and Opportunities Report. Here a detailed account is given on risk developments for each significant type of risk in the period under review and an outlook for developments anticipated in future.

The Disclosure Report is published in accordance with art. 434 of the CRR in the Investor Relations/ Reports section of the NORD/LB website.

2 Own Funds during the Transitional Period

The NORD/LB Group's own funds as at 31 March 2015 totals € 9,688 million. It comprises Tier 1 capital in the amount of € 7,475 million and Tier 2 capital in the amount of € 2,213 million. The Tier 1 capital comprises Common Equity Tier 1 capital instruments (€ 7,369 million) and Additional Tier 1 capital instruments (€ 106 million).

The Common Equity Tier 1 capital consists of paid-in capital instruments (€ 1,607 million), premiums (€ 3,322 million), retained earnings (€ 2,345 million), cumulative other comprehensive income (€ -150 million) and eligible instruments of Common Equity Tier 1 capital of subsidiaries (€ 812 million). In addition, as at the reporting date grandfathered instruments in the amount of € 36 million were considered in Common Equity Tier 1 capital. Regulatory adjustments in the amount of € 603 million reduce the Common Equity Tier 1 capital.

The Additional Tier 1 capital only contains effects from the CRR transitional provisions. The effects of the transitional provisions result in a positive balance in Additional Tier 1 capital of € 106 million.

The Tier 2 capital consists of paid-in capital instruments (€ 2,898 million) and eligible instruments of Tier 2 capital of subsidiaries (€ 345 million). The codified transitional provisions or deductions result however in a reduction in Tier 2 capital of € 1,030 million.

Table 1 below shows the breakdown of regulatory own funds during the transitional period and was prepared in accordance with the Commission Implementing Regulation (EU) No. 1423 / 2013.

Table 1: Structure of own funds during the transitional period

	Capital based on EU Regulation No. 575/2013 (CRR) – amount on the date of disclosure (in € million)	
	31 March 2015	31 December 2014
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Common Equity Tier 1 capital (CET1) before regulatory adjustments	7 972	7 948
Total regulatory adjustments to Common Equity Tier 1 capital (CET1)	– 603	– 289
Common Equity Tier 1 capital (CET1)	7 369	7 659
Additional Tier 1 capital (AT1): Instruments		
Additional Tier 1 capital (AT1) before regulatory adjustments	621	709
Total regulatory adjustments to Additional Tier 1 capital (AT1)	– 515	– 616
Additional Tier 1 capital (AT1)	106	93
Tier 1 capital (T1 = CET1 + AT1)	7 475	7 752
Tier 2 capital (T2): Instruments and reserves		
Tier 2 capital (T2) before regulatory adjustments	3 243	3 176
Total regulatory adjustments to Tier 2 capital (T2)	– 1 030	– 1 191
Tier 2 capital (T2)	2 213	1 985
Total capital (TC = T1 + T2)	9 688	9 737
	Capital ratios (in accordance with art. 92 (2) (b), 465 of the CRR)	
Common Equity Tier 1 capital ratio (expressed as a percentage of the total risk exposure)	10.2 %	11.1 %
Tier 1 capital ratio (expressed as a percentage of the total risk exposure)	10.4 %	11.2 %
Regulatory capital ratio (expressed as a percentage of the total risk exposure)	13.5 %	14.1 %

3 Capital Requirements

Table 2 shows the regulatory capital requirements in accordance with article 438 and article 445 of the CRR for the NORD/LB Group, broken down by significant risk types and, for credit risks, the methods employed. The total requirements due to credit risks were virtually unchanged. The requirements due to market-price and operational risks have increased slightly. On the whole the requirements have remained fairly constant since the last reporting date.

Table 2: Capital requirements

(in € million)	31 March 2015		31 December 2014	
	Capital requirement	Risk-weighted assets	Capital requirement	Risk-weighted assets
1. Credit risks	4 797	59 965	4 805	60 064
1.1 Credit risk – standard approach	397	4 963	420	5 246
1.2 IRB approaches	4 087	51 090	4 053	50 669
1.3 Securitisations	229	2 863	256	3 200
1.4 Investments	75	932	65	817
1.5 Risk-position amount for contributions to the default fund of a central counterparty	9	118	11	132
2. Clearing risks	1	9	–	–
3. Market-price risks	245	3 063	230	2 872
4. Operational risks	354	4 430	343	4 290
5. Total amount of risk positions for credit value adjustment	100	1 250	99	1 234
6. Total amount of risk positions relating to large loans in the trading book			–	
7. Other				
Total amount of capital requirements¹⁾	5 497	68 718	5 477	68 461

¹⁾ The risk-weighted assets reported are based on the significant companies of the NORD/LB Group from a risk point of view. The companies are chosen based on the materiality concept to establish the overall risk profile (see the Disclosure Report 31.12.2014).

4 Leverage Ratio

From 1 January 2015 the leverage ratio calculated in accordance with article 429 of the CRR has to be disclosed. The leverage ratio is calculated in NORD/LB as at the reference date at the end of the quarter based on the original version of article 429 of the CRR taking into consideration the option of article 499 (2) of the CRR. The total risk position is calculated without any credit risk mitigation techniques based on the carrying amounts.

Table 3: Leverage ratio

Leverage ratio (in € million)	31 March 2015	31 December 2014
Tier 1 capital	7 475	7 752
Total risk	214 229	213 538
Leverage ratio (in %)	3.49	3.63

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Die norddeutsche Art.

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