

Our Ambition –
Our Actions

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The English language version of this document is for information only and is non-binding. Only the German language copy of the group sustainability report of NORD/LB is legally binding.

Message from the Chairman of the Managing Board of NORD/LB

In 2015 NORD/LB celebrated its 250th anniversary. Our earliest predecessor institute, Herzogliches Leyhaus, was founded in 1775 by Duke Carl and acted as a pawnbroker for his subjects. A small 18th century pawnbroker and a modern financial group at the start of a new millennium share the same lineage, proof that sustainable management and clever customer focus can endure for centuries and help shaping the future.

A bank with a history of 250 years has learned that sustainability provides fertile ground for growth and future development. NORD/LB is a sustainable bank. In its business region with its structural and social conditions such as the strong middle market, the aircraft industry and the location for renewable energies, NORD/LB is closely intertwined with the real economy.

I therefore take great pleasure in presenting NORD/LB's Sustainability Report for 2015. In this report we reveal how sustainable management and far-sighted decisions are reflected in the bank's solid position because with all of its history NORD/LB remains a sustainable bank. We also explain how we combine our business strategy, business model and our regional environment to ensure that the bank is fit for the future.

This report follows the new G4 Guidelines of the Global Reporting Initiative. For this purpose, a materiality analysis has been conducted for those issues which in the view of stakeholders are most influenced by or can be influenced by NORD/LB. You can read about these issues on pages 12 to 14. This report also contains a progress report in accordance with the requirements of the UN Global Compact.

I wish you all an informative and hopefully exciting read. If you have any questions or ideas just get in touch with us, because sustainability also naturally involves communication!

Yours faithfully

A handwritten signature in black ink, reading "Gunter Dunkel". The signature is written in a cursive style with a large, looping initial 'G'.

Dr. Gunter Dunkel

Chairman of the Managing Board

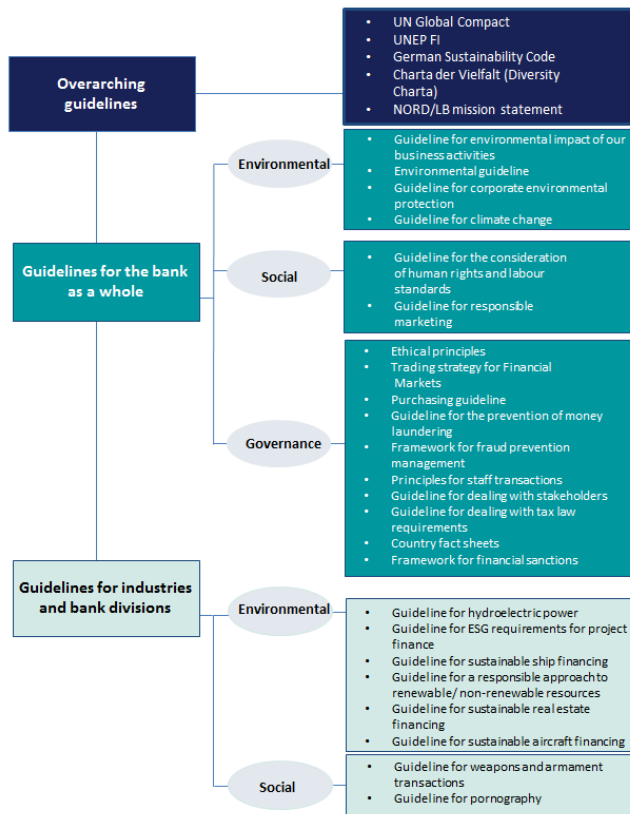
Spotlight on Sustainability

NORD/LB is a sustainable bank. It is closely linked to the economic regions of Lower Saxony and Saxony-Anhalt, which together form its main business region. The economic profiles of both federal states have a direct impact on NORD/LB's business model. As a lending bank, its business model is closely intertwined with the real economy and it finances businesses from all sectors of the economy. The bank's corporate objective is to be a reliable financing partner for its customers. NORD/LB is part of the savings bank network and cooperates closely with the regional savings banks to create comprehensive solutions for the middle market. Besides the provision of credit, this also involves access to the capital market and capital market products.

Business segments



Sustainability and ESG Guidelines



- Guidelines for business activity taking into account economic, environmental and social aspects (ESG approach)
- Enable comprehensive control of the portfolio
- Commitment to a precautionary approach for the protection of the environment, protection of society and corporate governance
- Investments which might result in irreversible environmental damage are not allowed to be made or be partly financed by the business of third parties.

Assets of the sustainable investment fund of NORD/LB Asset Management

(in € thousand)	2013	2014	2015
Global Challenges Index Fund	102,774	143,955	143,968
Global Challenges Corporate Bonds	20,605	29,418	28,246
Sustainability Special Fund - Spezial AIF	44,394	267,004	270,861
Total	167,773	440,377	443,075

Financing volume – renewable energies

	2013	2014	2015
Wind (in € million)	5,398	6,055	7,088
Solar (in € million)	1,231	1,275	1,305
Biogas (in € million)	1,046	911	886
Total (in € million)	7,675	8,240	9,279
Estimated power consumption (in megawatts)	5,904	6,344	7,473



- C+
- “Prime”
- “Industry leader”
- 63 out of 100 points
- “Best in class” in the industry



- Commitment to the Ten Principles of the UN Global Compact
- Supporting the global partnership of banks, insurance companies and asset-management companies in order to pursue sustainability in the finance sector
- Meeting the standards of the international Global Reporting Initiative in sustainability reporting
- NORD/LB meets the national standard of the German Sustainability Code for transparency in sustainability management of companies
- By signing the “Charta der Vielfalt” (Diversity Charta), NORD/LB recognises diversity as a key factor for the success of its business
- NORD/LB undertakes to comply with the Fair Company rules

Declaration Concerning the Report

Value Chain

Page 8

Materiality Analysis

Page 10

In this part of the report, the following indicators of the G4-standard are explained:

G4-3, G4-12, G4-18, G4-19, G4-20, G4-21, G4-22, G4-23, G4-24, G4-25, G4-26, G4-27, G4-37

G4-FS5

Declaration Concerning the Report

NORD/LB Norddeutsche Landesbank – Girozentrale – based in Hanover, Braunschweig and Magdeburg (hereafter “NORD/LB” or the “bank”) declares that it has taken the greatest care in the materiality analysis conducted for this report and the compilation of the texts and data that the information provided in this report is correct to its knowledge and that no material facts have been omitted.

NORD/LB has prepared this report based on the guidelines of the Global Reporting Initiative (GRI) in the version GRI G4 in accordance with the “Core” reporting option including the sector-specific requirements of the Financial Services Sector Disclosures.

The information provided in the report relates to NORD/LB and the Group companies:

- Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – (hereafter “Bremer Landesbank”)
- Deutsche Hypothekenbank Actien-Gesellschaft (hereafter “Deutsche Hypo”)
- NORD/LB Luxembourg S. A. Covered Bond Bank (hereafter “NORD/LB Luxembourg”)
- NORD/LB Asset Management AG (hereafter “NORD/LB Asset Management”)

The term “NORD/LB Group“ refers to NORD/LB and the aforementioned Group companies.

The key figures in the report relate to the financial years 2013, 2014 and 2015. The key figures for 2015 cover all of the NORD/LB Group’s 6,343 employees. 100 per cent of the employees have been considered.

Value Chain

In a national economy, private households, business, government, foreign countries and banks are the five main sectors that essentially influence economic activity. In this context banks are classi-

In order to make the report easier to read, we have only used the male form. Terms such as staff and managers refer to both men and women.

The term “employees” covers all staff and managers including the Managing Board, unless these are reported on separately.

The data for the aspects relating to employees and products has been obtained from, among other things, the accounting systems, which summarise the results of all ongoing business processes. In addition, data is generated from established processes and systems such as facility management and personnel information systems.

In the presentation of the key figures and for the calculation of the company’s greenhouse gas emissions, NORD/LB follows the standard of the Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (Association for Environmental Management and Sustainability in Financial Institutions, VfU) in the version of 27 November 2015.

Therefore a direct comparison with the values and figures for previous years is no longer possible, due in part to the widening of the data pool and the changed conversion factors in the VfU file.

On 31 May 2015, with retrospective effect of 1 January 2015, two fully-consolidated subsidiaries were merged. NORD/LB Covered Finance Bank S.A. Luxembourg and Norddeutsche Landesbank Luxembourg S.A. were renamed NORD/LB Luxembourg S.A. Covered Bond Bank, Luxembourg Findel.

fied as part of the wealth sector, which plays a key role in economic activity; here monetary transactions are processed, the payment system is controlled and (monetary) assets are managed.

As financial intermediaries, banks enable investments which are essential for the success of businesses by removing barriers between savers and businesses in need of finance and therefore act as a broker between the two market participants. Short and medium-term savings are combined in a loan pool from which, after the credit rating and probability of default of borrowers has been checked, long-term loans are granted. In this way banks enable a balance between demand for loans and the supply of savings deposits with batch transformation, term transformation and risk transformation, which are explained as follows:

- Batch transformation: the conversion of amounts of money into different amounts of money
- Term transformation: the balancing of different term interests
- Risk transformation: the assumption of the risks from saving

The importance of banks in a national economy is not just confined to putting money into circulation, but also enabling access to the capital market in order to extend the financing platform of businesses. In this way the wealth sector becomes a driving force for a country's future economy. For the internal processing of their business activities, banks make use of the input of a range of market participants, hereafter referred to as stakeholders. In primary and support processes, the bank produces an output which represents an added value for society. The charts below provide an overview of the NORD/LB value chain:

Chart 1: Overview of NORD/LB's value chain in the society

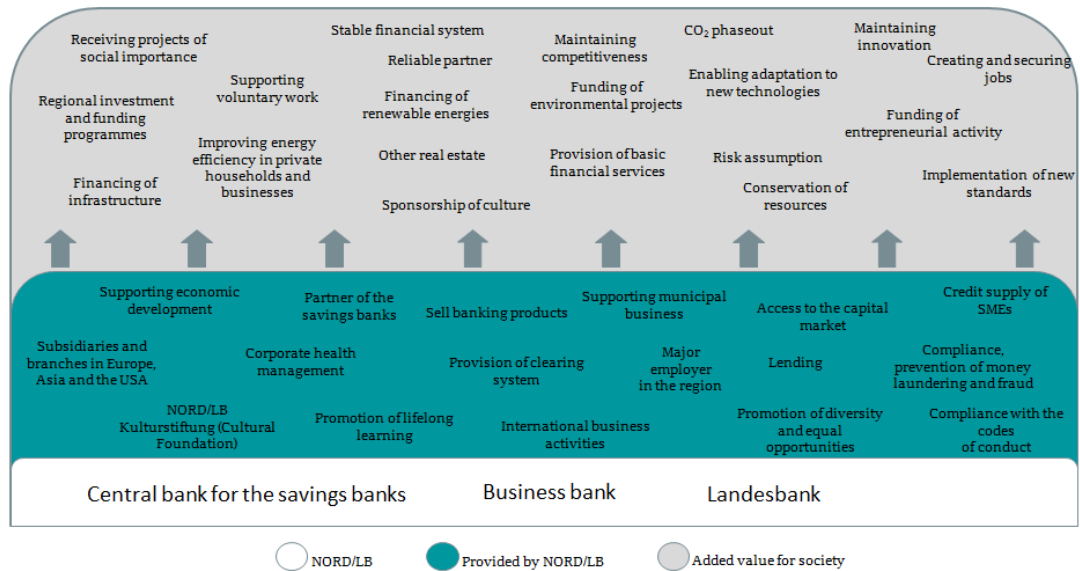
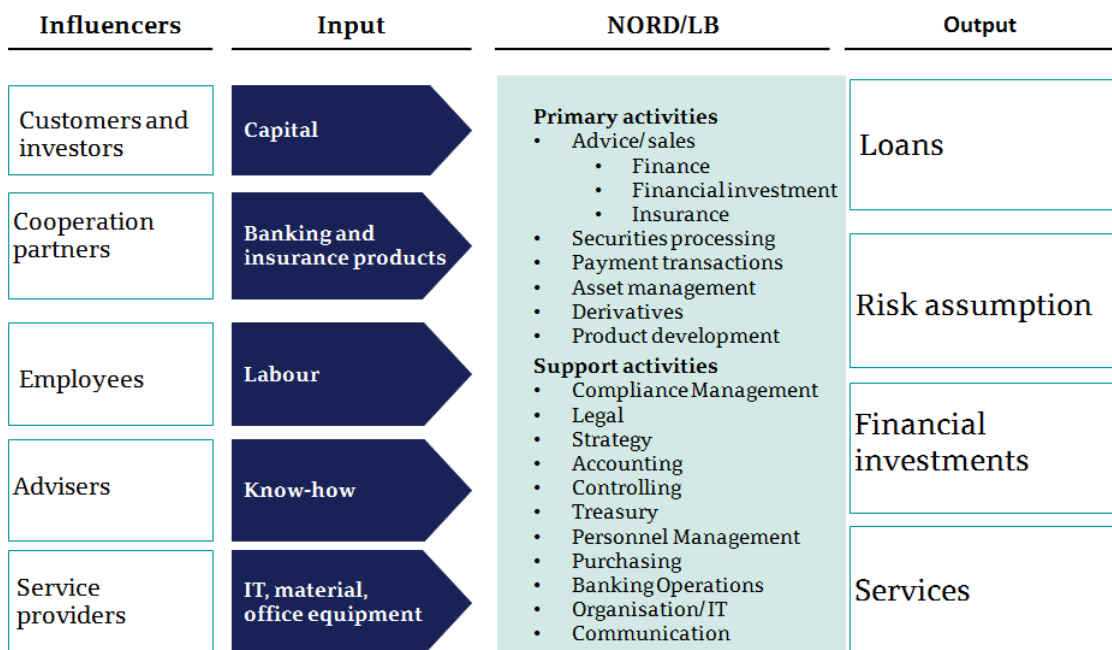


Chart 2: NORD/LB value-adding process (product related)



Materiality Analysis

The materiality analysis is an integral part of the G4 Guidelines of the GRI. NORD/LB is applying these guidelines for the first time and for this reason has conducted a materiality analysis in the period November 2015 to January 2016.

The aim of this materiality analysis is to identify, prioritise and validate the key issues (hereafter “aspects”) with their economic, social and environmental implications or their impact on the assessments and decisions of stakeholders.

In conducting the materiality analysis, NORD/LB applied the following principles of the GRI Guidelines:

- Stakeholder inclusiveness
- Materiality
- Sustainability context
- Completeness

The Stakeholders

NORD/LB considers all persons and organisations directly or indirectly affected by its business activities or able to influence its business performance to be stakeholders.

NORD/LB is of the view that stakeholders have a wide-ranging interest in the bank, be it a general

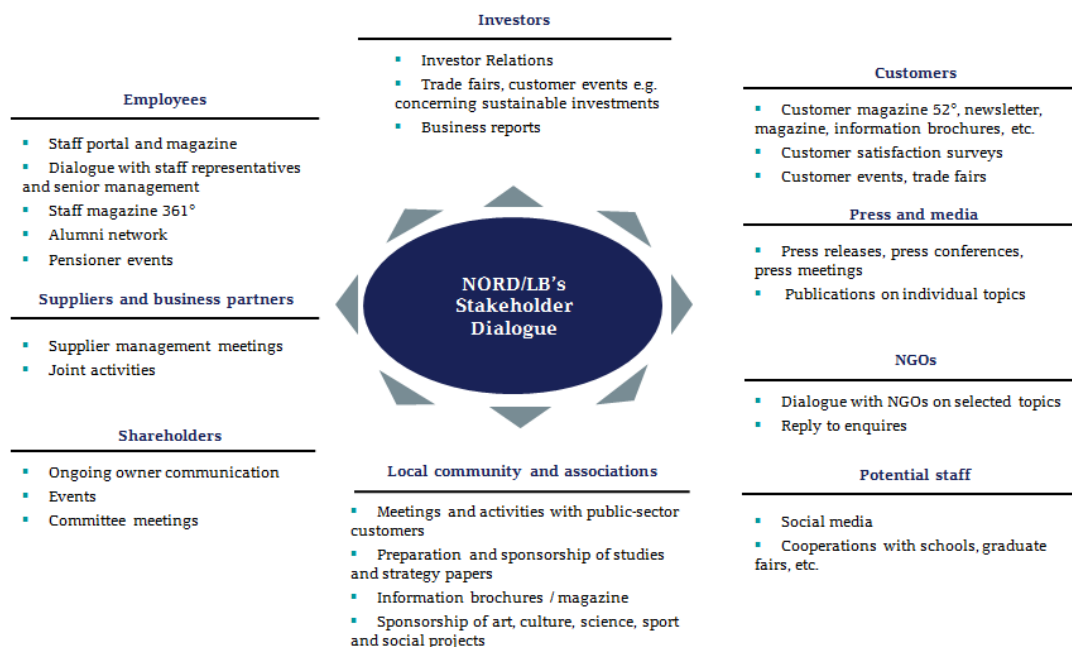
interest in the handling of and in compliance with regulatory requirements for financial institutions, its business development, its handling of risks or the future direction of the business, or a specific interest in the agreement of environmental, social and economic objectives.

Stakeholder Dialogue

Businesses should recognise the requirements of their stakeholders early on so that they can react appropriately and quickly to these. For NORD/LB the systematic addressing of stakeholder needs is key for securing its long-term success. Therefore NORD/LB uses established interview formats with the various social groups so that views on sustainability issues can be exchanged and ideas can be gained for its own CSR-oriented action and further development. NORD/LB therefore adopted and implemented the guideline for dealing with

stakeholders in 2013 in order to achieve open and consistent communication with its key stakeholders concerning sustainability requirements and to strengthen its own position as a company which is aware of its responsibility towards society and the environment. The obligations entered into in relating to the UN Global Compact, the UNEP Finance Initiative and this extensive Sustainability Report are also consequences of the dialogue with stakeholders.

Chart 3: Overview of stakeholder dialogue



Selected Examples of Stakeholder Dialogue

- June 2015: 1. NORD/LB Diversity Day on 16 June 2015**

The Charta der Vielfalt (Diversity Charta) association has organised the German Diversity Day in the last three years. This year NORD/LB took part in the nationwide day of action and for the first time held its own event. The aims of the event were to publicise its commitment to integrated diversity management, to obtain ideas from the worlds of science and business and to increase the awareness of diversity issues internally and externally.

- July 2015: NORD/LB Capital Market Conference**

Issues included the presentation of sustainable investments of NORD/LB Asset Management and a panel dis-

ussion on “The developments in the international bond markets – sustainability and non-core in vogue?”

- October 2015: UNEP FI / VfU Round Table 2015**

The event focused on materiality in anticipation of the reporting pursuant to the Global Reporting Initiative (GRI) G4. NORD/LB actively participated in various work groups and discussion forums on the issues of materiality analysis and stakeholder dialogue.

- November 2015: Point, effect and use of sustainability ratings**

The event organised by imug Beratungsgesellschaft für sozial-ökologische Innovationen mbH provided a stage for investors, issuers

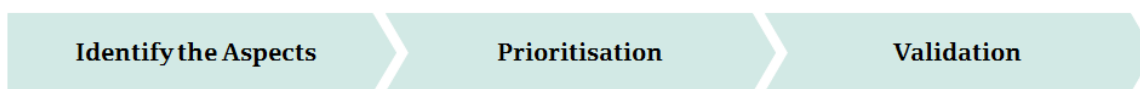
and rating agencies to discuss the importance and effect of sustainability ratings. NORD/LB was invited to this event as a speaker and discussion partner and reported on the benefits of sustainability ratings from the viewpoint of an issuer.

- Participation in the sustainability reporting work group of the German Association of Savings Banks and Girobanks (DSGV)
- Participation in the work groups of the Verein für Umweltmanagement

und Nachhaltigkeit in Finanzinstituten e.V. (Association for Environmental Management and Sustainability in Financial Institutions, VfU)

- Regular discussions with students on the structure and methods of sustainability management in dissertations

Chart 4: Steps of the materiality analysis



Identify the Aspects

First in order to identify the aspects, all of the topics clearly related to sustainability were collated internally in workshops and discussions with staff from different departments, for example all of the aspects of the GRI G4 Guidelines, previously published international sustainability reports and other PR information published.

Next the issues of the year under review, that stakeholders were interested in, were added to the

list of aspects, for example questions from and communication with rating agencies as part of the rating process, interpretations of GRI Guidelines, questions from non-governmental organisations or other CSR-related questions concerning the business model or individual transactions of NORD/LB.

The following aspects with the following understanding were identified in NORD/LB:

Chart 5: Overview of aspects (in alphabetical order)

Anti-corruption/fraud Implementation and compliance of standards	Comprehensive advice Looking at customer needs in ist entirety	Sustainability Adjustment of Terms within NORD/LB according to demographic Change	Resource management Environmental reporting	Strengthening the economic region Significant employer in the north of germany and lender of credits for SMEs
Balance between work and family life Employee satisfaction, working time model	Data protection Protection of customer data	Health of staff Maintenance of human capital, social responsibility, maintenance of employability	Respect for human rights Engagement for compliance with human rights in the whole value chain process	Sustainable products Products with significant relevancy for societal, social or economical benefits
CO ₂ reduction CO ₂ Avoidance according to the sustainability strategy of the federal republic of germany	Diversity No discrimination, equal opportunities	Integrity Liability, transparency and credibility	Risk management Prevention of ESG risks	Training and education Maintenance of human capital and employability, lifelong learning
Compliance Compliance with all legislation and tax honesty	Environmental impact of the investment and credit portfolio Consideration of environmental effects within NORD/LB's business activities	Profitability Responsible corporate governance as a corporate citizen	Promotion of culture, art, science and social products	

Prioritisation

In order to prepare the prioritisation of aspects and stakeholders, NORD/LB participated in various external sector-specific and institute-specific workshops and work groups on materiality analysis. In these workshops the bank found out the aspects that exist for companies in the financial sector and the effect of these aspects. The aspects were also rated to what extent they are applicable for companies in the financial services sector compared to manufacturing companies or should be rated due to having a business model that differs from the business model of manufacturing companies. These aspects include the supply chain or the use and protection of natural re-

sources (water consumption or biodiversity), as the impact of financial services companies on these aspects can generally be rated as rather low. Aspects were also rated on the basis of institute-specific characteristics, for example the performance of the savings bank or the role of a landesbank or a public mandate.

The lessons learned from the external events were used in the prioritisation of the aspects and stakeholders and discussed internally in cross-departmental workshops within NORD/LB and in cross-company workshops within the Group.

Prioritisation of the Aspects

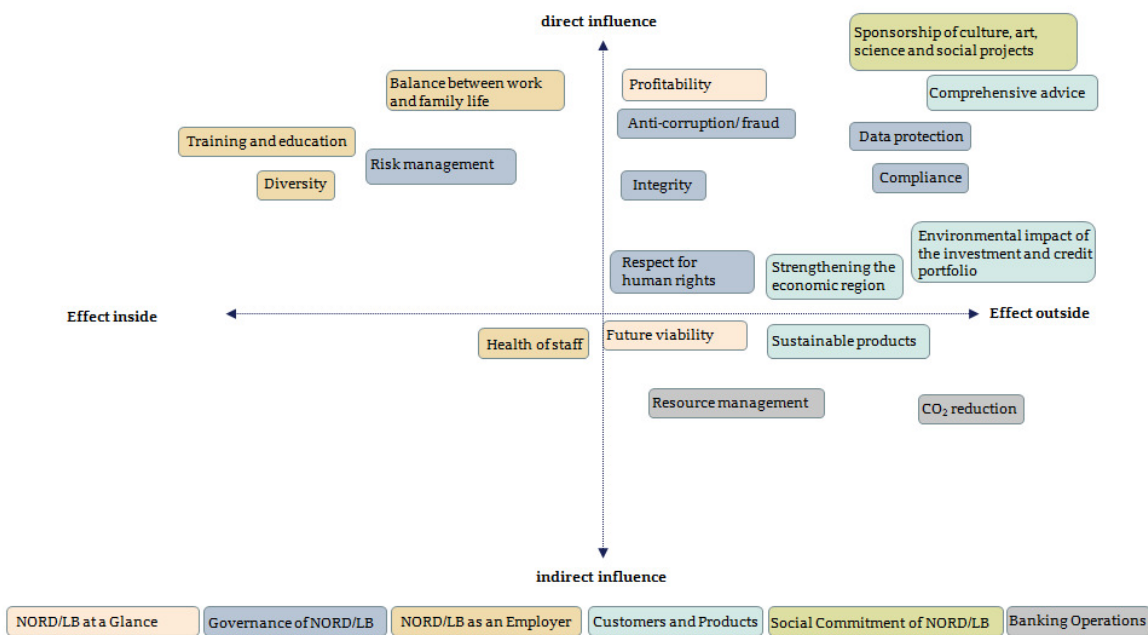
First of all in the prioritisation, the aspects were classified in terms of whether NORD/LB can possibly have a direct or indirect influence on them. There is a direct influence if the aspects can be influenced directly by NORD/LB with action or prevention and they have a significant impact in direct relation to NORD/LB.

In contrast with a direct influence, an influence is indirect if aspects can be handled or prevented by

NORD/LB, but these are so interwoven in society or are so varied, that any action or non-action by NORD/LB concerning this point would be very difficult to measure or could not be measured at all.

In addition, a distinction is made as to whether the aspects have an impact inside or outside of NORD/LB, therefore affect more the company or society.

Chart 6: Overview of significant aspects and their effect



The report is structured in a way that each aspect is referred to one or more of the chapters listed below:

- **NORD/LB at a Glance**
- **Governance of NORD/LB**
- **NORD/LB as an Employer**
- **Customers and Products**
- **Social Commitment of NORD/LB**
- **Banking Operations**

Prioritisation of Stakeholders

Besides the aspects, a list of all of the bank's stakeholders was compiled and they were classified in two defined groups – key stakeholders and other stakeholders.

The bank's stakeholders are then differentiated by the extent to which the aforementioned aspects influence the stakeholders in their actions or the extent to which the aspects are influenced by them. Whether this concerns the following of and compliance with international and national ESG guidelines, the assessment of the value it contrib-

utes to society, the implementation of ESG-oriented financing guidelines in core business, the minimisation of reputation risk due to the rejection of ESG-critical transactions or on-the-whole transparent reporting of all aspects relating to corporate social responsibility (CSR).

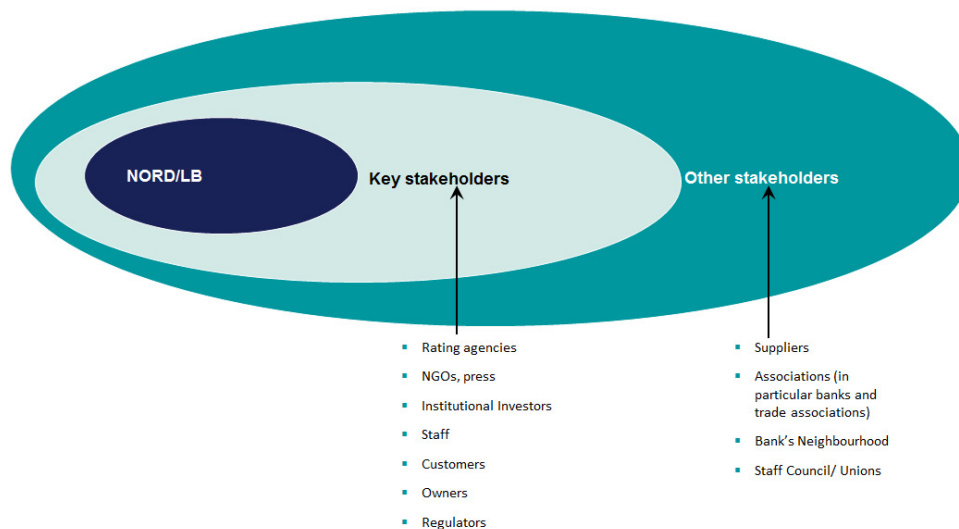
Stakeholders who are influenced by at least six of the aspects listed on page 13 were classified internally as key stakeholders.

The following picture shows the results:

Chart 7: Overview of the classification of stakeholders and aspects

	anti-corruption and fraud-prevention	Training and education	CO2 reduction	Compliance	Data protection	Diversity	Support of culture, art, science and social projects	Comprehensive advice	Health of staff	Integrity	Human rights	Sustainable products	Resource management	Risk management	Strengthening the economic region	Environmental impact of the investment and credit portfolio	Balance between work and family life	Profitability	Future viability	Number
Rating agencies	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	16
Employees		X			X	X	X		X	X	X				X		X	X	X	11
NGOs, press	X		X	X	X		X			X	X			X	X	X				10
Institutional investors	X		X				X			X	X	X		X				X	X	8
Owners	X			X			X			X				X	X			X	X	7
Regulators	X	X		X			X								X			X	X	6
Customers					X		X	X	X		X			X						6
Staff Council/ unions	X	X				X	X		X								X			4
Associations	X						X			X					X					3
Bank's neighbours	X						X								X					2
Suppliers/service providers									X						X					2

Chart 8: Overview of the classification of key stakeholders and other stakeholders



Validation

Next, the aspects and stakeholders were validated in three steps.

First of all, the conclusion of the materiality analysis was assessed in an externally-led workshop and uncertainties were cleared up. Then the conclusion, which took into account the results of the earlier workshop, was presented to the Sustainability Committee. The aspects and stakeholders

were finally validated with a presentation to the bank's Managing Board. The conclusion of this analysis was approved in a meeting of the Managing Board in May 2016.

An overview of the standards pursuant to GRI G4 and corresponding chapter references for the reported aspects and indicators is provided in the GRI Index section on page 97.

NORD/LB at a Glance

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In this part of the report, the following indicators of the G4-standard are explained:

G4-4, G4-5, G4-6, G4-7, G4-8, G4-9, G4-13, G4-34, G4-38, G4-39, G4-40, G4-41

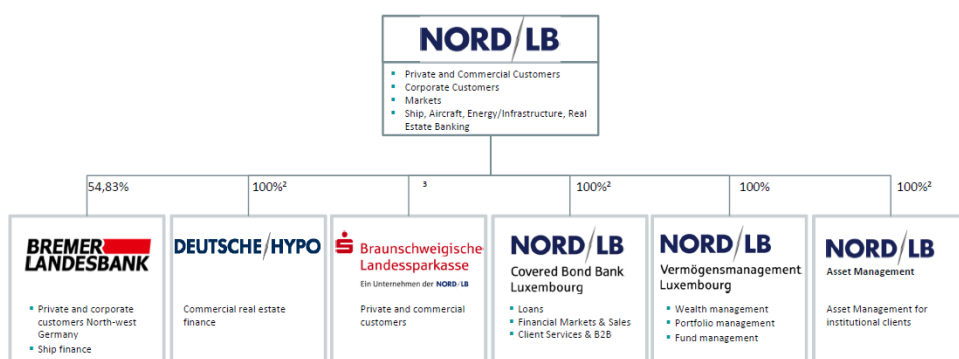
G4-EC1, G4-EC4

NORD/LB at a Glance

Organisational Structure

NORD/LB is the parent company of the NORD/LB Group, controlling all of the business activities in accordance with the strategic objectives, creating synergy effects, strengthening customer divisions and bundling service offerings. The location of NORD/LB's head office is Friedrichswall 10, 30159 Hanover, Germany¹.

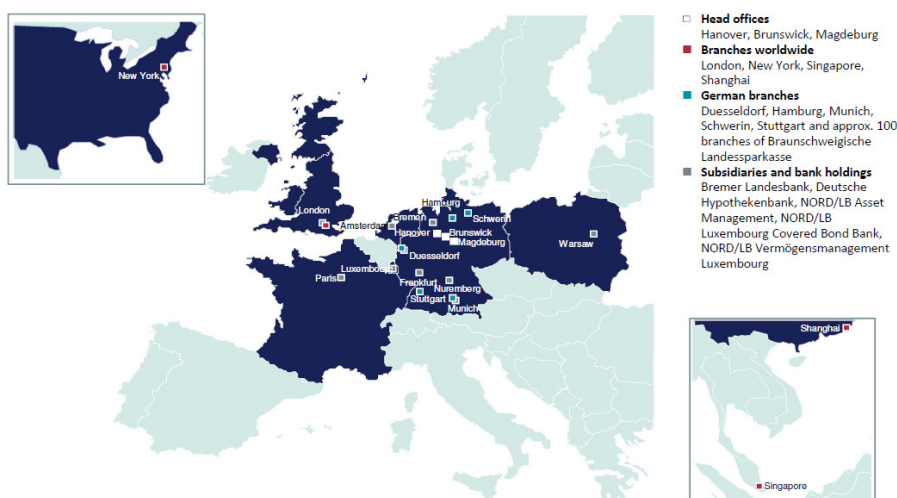
Chart 9: The NORD/LB Group comprises among others



Business Locations of NORD/LB

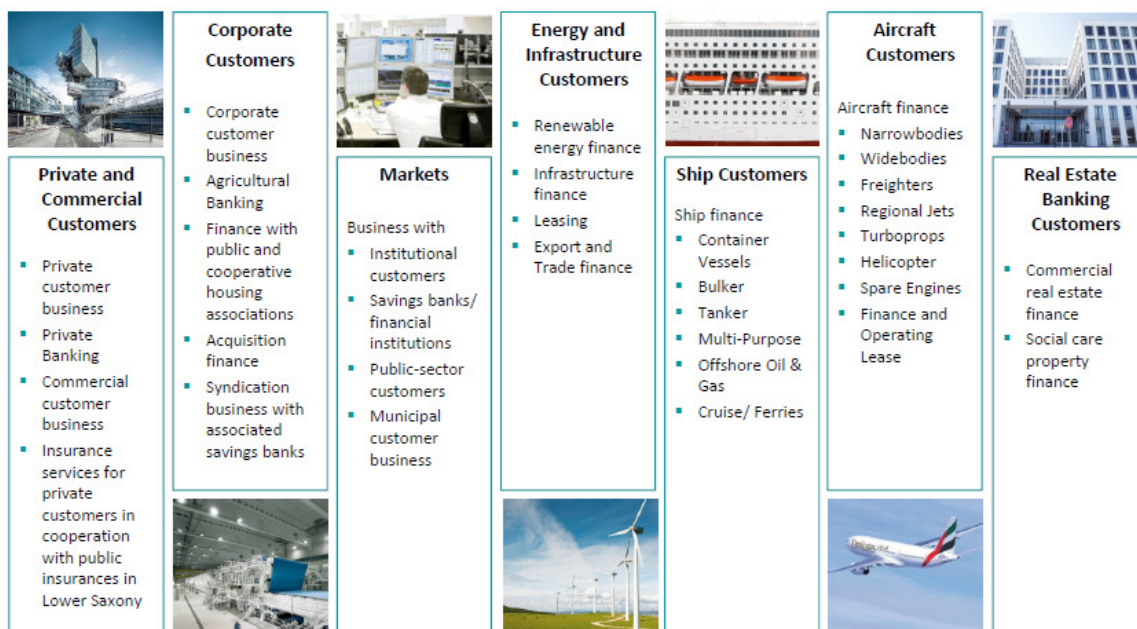
NORD/LB is a universal bank in the North of Germany and has total assets of approx. € 181 billion as at 31 December 2015. Therefore the NORD/LB Group is among the TOP 10 banks in Germany.

Chart 10: Geographical spread of the NORD/LB Group's locations



NORD/LB's Business Segments

Chart 11: NORD/LB's business segments



Selected Financial Data of NORD/LB Group as at 31.12.

Table 1: Selected financial data²

(in € million)	2013	2014	2015
Net interest income	1,931	1,985	1,974
Net commission income	163	185	234
Profit/loss from financial instruments at fair value through profit or loss	73	130	280
Risk provisioning	846	735	698
Administrative expenses	1,167	1,125	1,114
Earnings before taxes	140	276	653
Consolidated profit (earnings after taxes)	224	205	518
Total assets	200,823	197,607	180,998
Equity	8,169	7,902	8,513

Significant Changes in the Reporting Period

Capital Measures

NORD/LB continued to optimise its capital structure in the year under review.

In order to boost its regulatory capital ratios, in 2015 NORD/LB retained its earnings from 2014.

In addition, a silent participation held by a special purpose entity in the amount of \$ 500 million, which in accordance with the requirements of EU Regulation no. 575/2013 on prudential requirements for banks and investment firms (CRR) in future would not have been permanently chargeable as capital, was cancelled with effect of the end of 2015. The cancelled silent participation will no longer need to be serviced in future. The future savings here can be used if required to further strengthen equity.

Capital was also taken on in the NORD/LB Group in 2015 as follows:

- Bremer Landesbank has taken on capital instruments in two tranches in the total amount of € 150 million, in order to boost its regulatory capital and to widen the

measurement base for the leverage ratio,; these capital instruments are chargeable as instruments of Additional Tier 1 capital. Part of this capital that has been taken on, around € 50 million, has also increased reported equity at NORD/LB Group level.

- In order to boost regulatory capital and prepare for the regulatory requirements applicable throughout the EU from 2016 concerning the participation of creditors of a bank in its losses in the event of restructuring or insolvency (bail-in), subordinated liabilities with a nominal total counter-value of € 500 million were taken on in several tranches by NORD/LB.

In addition, NORD/LB increased a guarantee concluded in 2014 with a private guarantor for the mezzanine tranche of a credit portfolio of NORD/LB brought into a securitisation structure ("Northvest"). As a result, NORD/LB reduced its total risk-weighted exposure by more than € 2 billion at the time of the increase.

Regulatory Requirements Concerning Minimum Capital

In addition to the minimum capital ratios of the CRR that need to be met, the European Central Bank (ECB), as the regulatory authority responsible for the NORD/LB at Group level since March 2015, has required that an individual minimum ratio for Common Equity Tier 1 capital is met. This ratio was based on the logic of the CRR (transitional provisions not considered) until the end of 2015 and from the start of 2016 it was adjusted in terms of method and amount to a minimum ratio for Common Equity Tier 1 capital in accordance with the CRR (transitional provisions considered). This individual minimum capital ratio is higher

than the corresponding statutory minimum ratio of the CRR and since the start of 2016 it has included a capital-maintenance buffer that is to be maintained from this time.

Supervisory Review and Evaluation Process (SREP)

The European Banking Authority (EBA) published its final guidelines for the Supervisory Review and Evaluation Process (SREP) in accordance with art. 97 of the CRD IV in December 2014. The evaluations focus on the business model, internal gov-

ernance and its control, the significant risks and the adequacy of the bank's capital and liquidity resources. In 2015 NORD/LB started a group-wide project to pave the way for this process.

EU Process: Restructuring Plan and Commitments Made by NORD/LB

Before the capital measures could be implemented in 2011 and 2012, they needed to be reviewed and approved by the EU Commission. The capital measures were approved based on a restructuring plan agreed in 2012 between the bank, its owners, the German Government and the EU Commission. An independent trustee monitors whether the commitments made are being kept.

Based on the commitments that apply at most to the end of 2016, NORD/LB can continue to focus on

its proven business model. In the current financial year some of the commitments have already been successfully implemented.

NORD/LB, the German Government and the EU Commission agreed on significant points such as the future focus of the Group's business segments, a reduction in the Group's total assets and the optimisation of cost levels.

Efficiency Improvement Programme

At the start of 2011 NORD/LB decided to stabilise the administrative expenses of the NORD/LB Group at € 1.1 billion with the agreement of its owners.

NORD/LB has made a commitment to the EU Commission to reduce the NORD/LB Group's operating costs (before special effects) to € 1.07 billion by the end of 2016. NORD/LB must make a significant contribution to this.

In order to achieve this goal, NORD/LB launched an efficiency improvement programme in March 2011 to reduce both the cost of materials and staff expenses.

In the last few years further concrete measures were developed to improve NORD/LB's structures and processes were developed and instructions were given for their implementation.

Deposit Guarantee System

On 2 July 2015 the EU directive on deposit guarantee schemes entered into force. This was to be adopted in national law by the member states by 3 July 2015. Against this background, the joint liability

system of the S Finance Group, to which NORD/LB belongs, had to be revised such that it is recognised as a deposit guarantee system in accordance

with the Einlagensicherungsgesetz, EinSiG (Deposit Guarantee Act).

For this purpose, the Deutscher Sparkassen- und Giroverband (DSGV, German Association of Savings Banks and Girobanks), assisted by the member banks of the S Finance Group, implemented a nationwide project in which NORD/LB made an active contribution. All of the requirements were adopted in time to the rules of the joint liability system. The revised bank guarantee system was recognised as a deposit guarantee system in ac-

cordance with the EinSiG at the start of July 2015. NORD/LB has therefore implemented the new requirements of the guarantee system in time.

In addition to the aforementioned statutory requirements, the quantitative and qualitative risk monitoring, which acts as an early warning system to protect the bank, has also been adjusted and in places sharpened to meet the new regulatory requirements.

Legal Form

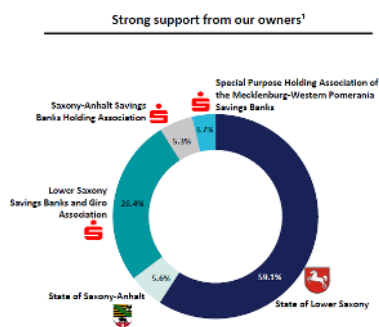
Norddeutsche Landesbank – Girozentrale – based in Hanover, Braunschweig and Magdeburg is a registered public institute (AöR), according to the State Treaty of 22 August 2007 between the federal state of Lower Saxony, the federal state of Saxony-Anhalt and the federal state of Mecklenburg-Western Pomerania in the version of the Amendment to the State Treaty of 12 July 2011. The owners of NORD/LB are the federal state of Lower Saxony, the federal state of Saxony-Anhalt, the Association of the Savings Banks of Lower Saxony (Niedersächsischer Sparkassenverband (SVN)), the Holding Association of the Savings Banks of Saxony-Anhalt (Sparkassenbeteiligungsverband

Sachsen-Anhalt) and the Special Purpose Holding Association of the Savings Banks of Mecklenburg-Western Pomerania (Sparkassenbeteiligungszweckverband Mecklenburg-Vorpommern). NORD/LB is registered with Hanover Local Court (Amtsgericht Hannover) under HRA 26247, with Braunschweig Local Court (Amtsgericht Braunschweig) under HRA 10261 and Stendal Local Court (Amtsgericht Stendal) under HRA 22150.

NORD/LB does not receive any government grants.

NORD/LB's share capital totals approximately € 1.61 billion.

Chart 12: Ownership structure



¹ Total differences are rounding differences

Executive Bodies

NORD/LB's executive bodies are the Managing Board, the Supervisory Board and the Owners' Meeting. The Managing Board has sole responsibility for the management of the bank and represents it in and out of court. In the year under review the Managing Board comprised the following six members:

Chart 13: NORD/LB's executive bodies in 2015

					
<p>Dr. Gunter Dunkel (Chairman of the Managing Board)</p> <ul style="list-style-type: none"> Managing Board Staff/ Legal/ Investments Personnel Audit Corporate Communications Strategy Development 	<p>Ulrike Brouzi (Chief Financial Officer (CFO); Chief Operations Officer (COO))</p> <ul style="list-style-type: none"> Finance/ Taxes Organisation and IT Corporate Services Group Security Compliance Landesförderinstitut Relationship Mecklenburg-Western Pomerania 	<p>Thomas S. Bürkle (Chief Risk Officer (CRO))</p> <ul style="list-style-type: none"> Finance and Risk Control Division Credit-Risk Management Central Management Risk Division Special Credit Management Research/ Economy 	<p>Dr. Hinrich Holm</p> <ul style="list-style-type: none"> Treasury Markets Bank-Assets Allocation Relationship Savings Bank Network Investitionsbank Sachsen-Anhalt Corporate Finance Relationship Saxony-Anhalt Foreign branches 	<p>Eckhard Forst</p> <ul style="list-style-type: none"> Corporate Customer Business including Housing and Agricultural Banking Commercial Real Estate Finance Ship and Aircraft Financing Structured Finance Corporate Sales 	<p>Christoph Schulz</p> <ul style="list-style-type: none"> Private and Commercial Customers Chairman of the Managing Board of Braunschweigische Landes-sparkasse

The Supervisory Board has the task of advising the Managing Board and monitoring its management of the business. NORD/LB's Supervisory Board has 18 members, 12 of whom represent the owners and a further six of whom represent the employees and are elected by the employees of the bank in accordance with the Personalvertretungsgesetz (Staff Representation Act) of Lower Saxony. The Chairman of the Supervisory Board is the Finance Minister of the federal state of Lower Saxony.

Current and former members of the Managing Board are not represented on the bank's Supervisory Board; the statutes do not allow former members of the Managing Board to become the Chairman of the Supervisory Board.

The Owners' Meeting represents the owners of the bank.

The members of the Supervisory Board, members of the Owners' Meeting and their activities in the year under review are listed on page 278 of the Annual Report 2015.

Governance of NORD/LB

Corporate Strategy	Page 24
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In this part of the report, the following indicators of the G4-standard are explained :

G4-14, G4-15, G4-36, G4-56, G4-57, G4-58

G4-HR1, G4-HR2, G4-HR4, G4-HR5, G4-HR6

G4-SO3, G4-SO4, G4-SO5

G4-FS1 G4-FS2, G4-FS3, G4-FS4, G4-FS9

Governance of NORD/LB

NORD/LB is a sustainable bank. It is closely linked to the economic regions of Lower Saxony and Saxony-Anhalt, which together form its main business region. The economic profiles of both federal states (for example ship and aircraft construction, development of renewable energies, agriculture and a strong middle market) have a direct impact on NORD/LB's business model, which deliberately focuses on the segments Corporate Customers, Ship and Aircraft Customers and Energy and Infrastructure Customers.

As a lending bank, NORD/LB's business model is closely linked to the real economy and it financ-

es businesses in all sectors of the economy. As a result it maintains innovation and preserves jobs in its region.

Besides the regional approach, NORD/LB is interested in long-term customer relationships based on trust. The bank's corporate objective is to be a reliable financing partner for its customers. NORD/LB is part of the savings bank network and cooperates closely with the regional savings banks to create comprehensive solutions for the middle market. Besides the provision of credit, this also involves access to the capital market and capital market products.

Corporate Strategy

NORD/LB is a customer-oriented bank that focuses on lending business. NORD/LB's business model reflects its role as a commercial bank, landesbank (state bank) and the central bank for the savings banks. Granularity, diversification and a conservative risk policy are the principles for its basic strategic direction.

Its risk philosophy is expressed in strict financing principles and an object-based financing approach for complex assets such as ships, aircraft and commercial real estate.

In the long term NORD/LB aims to achieve a business mix which provides a balance between large-volume special finance business with ship and aircraft customers, energy and infrastructure customers and real estate banking customers on the one hand and business activities with

granular risk structures in business with in the Private and Corporate Customers segment and with institutional customers and savings banks on the other.

In this way NORD/LB expects to continue to benefit from the high level of diversification in its business portfolio with activities in sectors with different market cycles.

Focus is also placed on separating new business growth from balance sheet growth. NORD/LB therefore aims to extend its value chain by using its competence in structuring the financing of complex assets and the associated expertise in various sectors in order to offer institutional capital market investors credit-based investment products.

Private Customers

The Private and Commercial Customers segment, which can look back on 250 years of history and therefore represents the nucleus of today's bank through the founding institutes of NORD/LB, has always been very important for NORD/LB and is a mainstay of the business

model. Taking into account changing customer needs and demographic developments, in particular in retail business the strategic focus should be on pushing product innovation, the continual automation and improvement of value-adding processes and digital sales.

Corporate Customers

The economic region of Northern Germany is defined not only by the automotive industry, but also in particular by its agricultural business. Lower Saxony, Saxony-Anhalt and Mecklenburg-Western Pomerania are states with vast expanses of land. The quality of the soil and the flat topography provide ideal conditions for high-yield and efficient farming. Therefore Agriculture accounts for a major part of economic activity in this region.

This is reflected in NORD/LB's business model, with agricultural business being an important part of the Corporate Customers segment.

A further speciality of the Corporate Customers segment lies in the financing of municipal housing companies.

NORD/LB's Corporate Customers segment also covers a wide range of other sectors in which NORD/LB provides finance to regional SMEs in Lower Saxony, Saxony-Anhalt and Mecklenburg-Western Pomerania.

Savings Bank Network

NORD/LB acts as the central bank for the savings banks in Lower Saxony, Saxony-Anhalt and Mecklenburg-Western Pomerania and provides

them with all services they need in the role of the regional business bank.

Markets

Loan supply for municipalities is a further important task of a landesbank. In view of the fact that NORD/LB covers large parts of its own funding needs with capital market instruments, it has already started to use its related market knowledge and skills to advise issuers of debt

securities on the structuring and placement of such securities. Today it is one of the key players in the issuing and trading of public-sector debt instruments, Pfandbriefe and other interest-bearing securities in Germany.

Ship Customers

All of the major German sea ports are located in Northern Germany in the North Sea region and Baltic rim, therefore many German shipping lines are based here as well. That is why NORD/LB accumulated its expertise in ship financing, and today this is an important part of the business model. Ship financing will remain a mainstay of the business model in future. The downsizing of commercial shipping in combination with a widening of the customer base and the building up of the offshore, cruise ship and special tonnage segments should contribute towards greater diversification and a balanced risk structure.

Aircraft Customers

Lower Saxony is the third largest location for the aviation industry in the world after Seattle and Toulouse. In addition to the Airbus locations in Buxtehude, Stade, Varel and Nordenham, a large number of middle-market suppliers based all over the federal state play an important role in this industry. NORD/LB maintains business relations

with major aircraft manufacturers and suppliers who have moved to Northern Germany, and finances aircraft for well-known major airlines. NORD/LB believes that aircraft financing offers growth and earnings potential in particular in Asia and that this should be tapped on a prospective basis.

Energy & Infrastructure Customers

The favourable climatic conditions in Northern Germany provide NORD/LB with the opportunity to support economically-viable projects. This has helped the region become the leading producer of renewable energies particularly in Germany.

Here the bank focusses on building wind parks and solar/photovoltaics and biogas plants. Re-

newable energies business and infrastructure projects will continue to play an important role in NORD/LB's business model.

Real Estate Banking Customers

In order to round out and stabilise the business portfolio, the NORD/LB Group has a Commercial Real Estate Finance segment, which was strength-

ened in 2007 by the acquisition of the Hanover-based Deutsche Hypothekenbank.

Sustainability Strategy

For the NORD/LB Group, sustainability is first and foremost a question of attitude: it is part of the bank's public duty to support continual development directly and indirectly in its own business activities.

The NORD/LB Group is convinced that many aspects of global change result in opportunities and risks for its customers and will therefore also affect its business activities. The sustainability strategy addresses the key aspects of global change for the NORD/LB Group and its customers and shows how any opportunities that arise can be realised efficiently and risks can be managed responsibly.

Above all else, NORD/LB Group and its staff consider it their duty to support their customers and help them to give greater consideration to sus-

tainable development in their business activities and investment decisions. This support includes for example identifying promotional opportunities and pointing out existing business potential.

In respect of governance, customers, staff, society and the environment, NORD/LB Group is pursuing the following objectives, which should be achieved by 2020 due to the priority placed on them. The strategic direction is decided by the Extended Group Managing Board and the Gesamtvorstand (General Managing Board) for the individual institutes. In order to ensure the necessary transparency and the consistent control of the Group, NORD/LB participates in the supervisory bodies of the subsidiaries and investments.

Governance

The NORD/LB Group will maintain and structurally develop its management approach towards sustainability. This will include in particular continually revising the strategic direction of sustainability management. This will be done by the established Group Sustainability Management division, and in particular by the Sustainability Committee, which supports the Group Managing Board.

In order to create impetus for the direction of sustainability management, the NORD/LB Group

companies consult relevant stakeholders. This ensures that our business activities are in line with the needs of stakeholders and as a result ensures that the Group will remain successful and competitive in the long term.

The results of these stakeholder meetings are considered in the sustainability programmes and provide impetus for the direction of future-oriented action.

Customers

The NORD/LB Group ensures that sustainability aspects are considered in all relevant operations and in doing so ensures an approach to business which considers not only economic aspects for the benefit of customers, but also environmental and social governance aspects. By consulting custom-

ers on sustainability issues and by offering "green products", the NORD/LB Group is making an ever-increasing contribution towards the financing of the Green Economy. In its business activities the NORD/LB Group considers economic, environmental and social aspects in order to improve the

competitive position of customers and in so doing strengthen the risk position of the NORD/LB Group. The sustainability objectives for the re-

spective operations are the focus of the strategy process.

Employees

The employees are the future of the NORD/LB Group and ensure its success in the present and the future. Therefore there is a major responsibility towards employees to create the conditions that allow them to fully develop and to “live diversity”. A key element of this is the development of women in professional and management roles in order to systematically make use of their management potential and as a result make the com-

pany more successful. Therefore NORD/LB will continually increase the quota of women in management positions.

The professional and personal development of employees is supported by an extensive range of seminars. By providing information and training courses, the NORD/LB Group promotes and raises awareness of sustainable business and makes it possible for these competences to be used.

Society

As a corporate citizen, the NORD/LB Group participates in social projects and contributes its financial expertise to society. In its core regions the NORD/LB Group is a sponsor of art, culture and science and welcomes its staff doing voluntary work. In all of these activities the NORD/LB Group focuses its non-commercial activities on contributions.

In implementing a sustainable approach to business, the NORD/LB Group urges its suppliers and service providers to act with the same environmental and social principles and standards.

Environment

In organising its environmental management, the NORD/LB Group follows ISO 14001. By saving resources, energy and reducing emissions, the

Group’s environmental efficiency should be improved as a result. Here particular focus is placed on energy efficiency.

The Ten Principles of the UN Global Compact

By signing the UN Global Compact, NORD/LB has undertaken to consider the ten internationally recognised principles of the UN Global Compact relating to human rights, labour, environment and anti-corruption in its business activities. For NORD/LB, consideration of these principles is a key element of its responsibility as a financial services provider for customers and employees as well as a “corporate citizen” for society.

<p>1. Businesses should support and respect the protection of internationally proclaimed human rights</p>	<p>After the UN Global Compact was signed in May 2013, human rights clauses were included in supplier management and the ten principles were integrated into the purchasing guideline and supplier agreements. As a result, suppliers and service providers are also required to act in accordance with these principles (hereafter “sustainability clause”). We are not aware of any breaches of the sustainability clause. Indirect risks are highlighted by among other things the ESG Guidelines, in particular in the Guideline for Hydroelectric Power and the Guideline for ESG Requirements for Project Finance. The Guideline for Hydroelectric Power requires compliance with international standards, the recommendations of the World Commission on Dams and the UNESCO Guidelines on Integrated Water Resources</p>
<p>2. Businesses should make sure that they are not complicit in human rights abuses</p>	<p>Due to the structure of the bank, the activities of the NORD/LB Group do not represent a risk in respect of a possible restriction of freedom of association. NORD/LB has integrated these contractually in its supplier management in the form of a sustainability clause in the framework agreements. We are not aware of any breaches of the sustainability clause. Indirect risks are highlighted by among other things the ESG Guidelines and the mission statement.</p>
<p>3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</p>	<p>Due to the structure of the bank, the activities of the NORD/LB Group do not represent a risk in respect of child, forced and compulsory labour. NORD/LB has integrated these contractually in its supplier management in the form of a sustainability clause in the framework agreements. We are not aware of any breaches of the sustainability clause. Indirect risks are highlighted by among other things the ESG Guidelines.</p>
<p>4. Businesses should support the elimination of all forms of forced and compulsory</p>	<p>By signing the Charta der Vielfalt (Diversity Charta), NORD/LB supports the initiative to promote the recognition, appreciation and integration of diversity in the business culture in Germany. Indirect risks are highlighted by among other things the ESG Guidelines.</p>
<p>5. Businesses should support the elimination of child labour</p>	<p>In order to optimise the environmental impact of its business activities, NORD/LB issued the guideline for the environmental impact of its business activities in September 2013. Its objective is to largely avoid or reduce both the direct and indirect environmental impact of business activities. The direct impact of the bank’s environmental management is recorded, assessed and controlled using an environmental-management system that meets ISO 14001 requirements. It also includes suppliers. The sustainability clause used in NORD/LB’s standard and framework agreements specifies the requirements the bank places on suppliers and service providers in respect of environmental protection, minimising environmental pollution, improving internal environmental protection and using environmentally friendly products.</p>
<p>6. Businesses should support the elimination of discrimination in respect of employment and occupation</p>	<p>The bank has defined specific anti-corruption standards and included these in its ethical principles. They contain specific and clear rules on how to behave correctly and professionally in cases of conflict of interest and in combatting corruption and bribery. The standards focus on rules for the acceptance and giving of benefits, gifts and invitations.</p>
<p>7. Businesses should support a precautionary approach to environmental challenges</p>	<p></p>
<p>8. Businesses should undertake initiatives to promote greater environmental responsibility</p>	<p></p>
<p>9. Businesses should encourage the development and diffusion of environmentally friendly technologies</p>	<p></p>
<p>10. Businesses should work against corruption in all its forms, including extortion and bribery</p>	<p></p>

Mission Statement

The NORD/LB's mission statement provides the basis for its business activities and comprises the principles of trust, responsibility, sustainability, courage and performance:

- Trust as the result of dealing with one another fairly, reliably and cooperatively
- Responsibility as an expression of our approach to tackle the task on hand in order to achieve lasting success
- Sustainability as our belief that the balance between economic, environmental and social aspects makes us successful in the long term
- Courage as a sign of our willingness to try new things, develop innovative solutions and ensure we are fit for the future in order to create more scope for action
- Performance as a requirement for success

Chart 14: Internal mission statement



<p>Vision "Where we want to be"</p> <p>Uniquely diverse. Simply competent. The established choice.</p>	<p>We are leading in our markets: As a banking group we support our customers in realising their ideas. This enables our markets to grow and to progress. The wide range of skills available in our Group make us a unique partner.</p>
<p>Mission "How we want to get there"</p> <p>Our performance creates added value for our customers, our employees, our owners and society.</p>	<p>We offer the right solutions and provide an excellent service to our customers with our range of products. We take the time to understand our customers and we make use of the multiple skills available in our banking group. Long-term business relationships are important to us.</p> <p>As employees we accomplish challenging tasks in a dynamic environment. We assume responsibility. We gain recognition through our performance.</p> <p>Our owners recognise us as a long-term profitable strategic investment and as a reliable business partner.</p> <p>In society we assume responsibility as a bank, as an employer and as a promoter of the sciences, of culture and of sport. We set a high value on social commitment.</p>
<p>Values "What drives our actions"</p> <p>Trust, Responsibility, Sustainability, Courage, Performance</p>	<p>Trust as the result of dealing with one another fairly, reliably and on equal terms.</p> <p>Responsibility as an expression of our attitude of tackling the tasks at hand and achieving lasting success.</p> <p>Sustainability as our belief that the balance between economic, ecological and social aspects makes us successful in the long term.</p> <p>Courage as an indication of our willingness to venture into new waters, to practise diversity and to shape our future existence.</p> <p>Performance as the basis for our success!</p>

Risk Management

The NORD/LB Group has implemented a risk management process for all risk types that covers all divisions. This consists of four sub-processes:

- Risk identification
- Risk assessment
- Risk reporting
- Risk control and monitoring

Risk identification is a strategic sub-process. Based on the risk universe, i.e. all of the risks associated with conducting banking activities and offering financial services, the risks that are relevant for the NORD/LB Group are identified in the risk inventory. The risk identification process takes place at least once a year and also as and when required.

Risk assessment involves the regular quantitative and qualitative assessment of risks. The methods and models used for this depend on the respective risk type. They are developed continually and are subject to review. In some cases the approval of the banking supervision is necessary.

In order to create transparency of NORD/LB Group's current risk situation, a comprehensive risk reporting has been set up, in which internal and external risks are reported. The purpose of the internal risk reporting is to provide the decision-makers of the NORD/LB Group with information about the risks taken so that they are in a position to control the risks as the situation and strategy requires.

The sub-process of risk control and monitoring comprises the limiting and operational management of risks. In the control and monitoring of credit and investment risks in particular, structured procedures and processes are used for the standardised gathering of risk-related information. Taking into account existing risk limitations, qualitative and quantitative early-warning

indicators are derived on this basis and risk-limiting measures are taken where applicable.

As part of the integrated management of risks, a committee has been established at management level which provides a platform where noticeable risks, issues and methods can be discussed. The committee focuses on operational risks (these also cover reputation risks) including process, IT, personnel, legal, outsourcing and compliance risks as well as security and contingency management. This Risk Committee should create transparency across the divisional boundaries and enable bank-wide control initiatives. This committee will then decide with the involvement of the department concerned the further course of action, how to deal with any negative impact on third parties and the further development of the respective business transaction or respective customer relationship.

In addition to the continual, bank-wide exchange of reputation-related information, since the third quarter of 2014 an early-warning system has existed in NORD/LB that is made up of several indicators and should be continually developed. These indicators will be introduced where issues relevant for the reputation of NORD/LB can potentially be identified early. The findings concerning reputation risks from an ESG viewpoint are included in the regular risk report and sustainability reports.

In its risk management NORD/LB also strives to achieve the efficient and economically-viable management of reputation risks. NORD/LB wants to maintain and continually build on the trust of all stakeholders and be perceived to be a fair and reliable partner at all times.

A detailed report on the risks of the NORD/LB Group is published in the Annual Report 2015 in the Disclosure Report 2015.

Management of ESG Risks

ESG risks are risks relating to environmental, social or governance aspects that might arise in a business transaction or relationship. These risks might for example be particular environmental damage or damage to the company resulting from the potential financing and implementation of a project. ESG risks are considered in reputation risks, which in turn are classified and summarised under operational risks.

NORD/LB examines its business exposure from an ESG point of view, in order to identify business and reputation risks early in the interest of customers and the bank. Like other risks, potential ESG risks are assessed in the credit process and are considered, as soon as they are identified or emerge, in the overall vote for the business transaction.

The basis for evaluating risk potential is the technical competences and experiences of the employees, the ESG guidelines and the underlying rules of the principles. Each and every employee is primarily responsible for preventing reputation risks. In addition, external information on the environmental risks of some industries is also included. References to appropriate information sources are continually updated and made available.

In the event of information emerging that ESG damage has occurred or is likely to occur illegally in a business transaction, Sustainability Management is to be involved.

ESG Guidelines

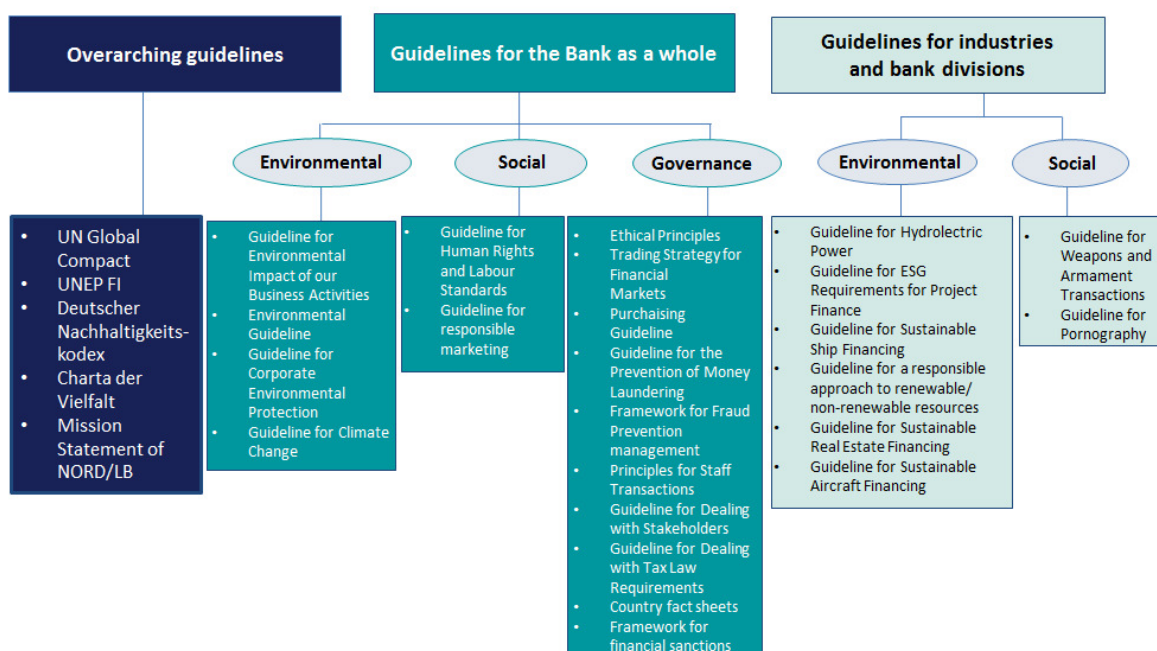
Besides the guidelines applicable for the bank as a whole, there are additional guidelines for business activities taking into account economic, environmental and social aspects (ESG approach).

The ESG guidelines supplement existing guidelines and principles for strategy and governance and enable comprehensive control of the portfo-

lio. They will initially apply for NORD/LB and Bremer Landesbank (approximately 84 per cent of the Group's staff). Their scope has been and is currently being extended to the relevant Group companies. All ESG guidelines are approved by the Managing Board and are binding for all employees. An external audit does not take place.

Chart 15: Overview of the structure of the ESG guidelines

The guidelines applicable for the bank are divided into overarching guidelines, guidelines for the bank as a whole and guidelines for industries and bank divisions. Within this, the guidelines are allocated to Environmental, Social and Governance:



The ESG guidelines for industries and bank divisions are developed together with employees from the departments. Measures to raise staff awareness of the ESG guidelines have taken place in the relevant departments.

The implementation of the ESG guidelines including any optimisation measure is discussed in an annual quality audit. If necessary, processes are refined and adjusted to take into account current

developments. Written voting policies for environmental and social issues in the companies in which NORD/LB has invested do not exist.

Regarding information and training for ESG-related issues, there is a detailed section on sustainability with all of the relevant information, explanations, guidelines and current developments in the intranet.

Exclusion of Business and Transactions

The ESG guidelines commit to a precautionary approach for the protection of the environment, protection of society and corporate governance. No investments may be made and no business of third parties may be financed if such action could result in irreversible environmental damage. This explicitly includes the protection of biodiversity. NORD/LB has also excluded the following business with its ESG guidelines:

- Business relations with companies involved in the manufacture, trading, transportation, storage or repair of nuclear, biological and chemical weapons, anti-personnel mines, cluster bombs and cluster munitions
- Business relations with companies which produce and trade in pornography and companies close to this sector
- The financing of the construction of nuclear power stations and conventional coal-fired power stations
- The financing of the construction of dams and hydroelectric power stations in areas particularly worthy of protection

NORD/LB also does not transact any business in its own name and for its own account on commodity futures markets.

Guideline for the Environmental Impact of our Business Activities (Excerpt)

For NORD/LB the consideration of the environmental impact of its corporate activities is a key element in its responsibility to customers and employees as a financial services provider as well as to society as a corporate citizen. It is for this reason that NORD/LB considers significant direct and indirect environmental impact in its activities. NORD/LB therefore supports the long-term development of the economy and society and supports its customers in realising environmental opportunities and preventing environmental risks.

The direct environmental impact of NORD/LB's business activities is recorded, assessed and controlled by NORD/LB's corporate environmental management system. The system elements and processes of this environment management system are based on the requirements of ISO 14001, the international standard for environmental management.

The indirect environmental impact of NORD/LB's business activities is managed in the departments with among other things the management of ESG risks.

Guideline on Human Rights and Labour Standards (Excerpt)

By systematically taking into account human rights and labour standards in its business activities, NORD/LB promotes the long-term development of the economy and society in its sphere of influence.

In applying this guideline NORD/LB:

- takes into account the importance of human rights requirements for employees, market partners and society in its business activities

- gives guidance to employees and market partners concerning potential violations of human rights
- ensures the further development of processes to create transparency, evaluation and analysis processes and monitoring processes.
- ensures human rights considerations are taken into account in complaints management

Each department at NORD/LB regularly gains an appropriate overview of whether the business transactions typical in its area could be significantly affected by human rights and labour standards issues within the scope of its established business processes. The framework for this is provided by generally recognised international standards such as the United Nations conventions on human rights and the labour and social standards of the International Labour Organization (ILO).

Ethical Principles

NORD/LB's work follows defined ethical principles which are published on its website and act as the foundation for ethical and responsible behaviour. The ethical principles are binding for all members of the Managing Board, managers and staff and ensure that they act with integrity, in line with the bank's values and fairly. The ethical principles contain specific and clear rules on how to behave correctly and professionally for example for cases of conflict of interest and in combating corruption, bribery and money laundering, for maintaining confidentiality and data protection, for customer relations, for the protection and use of bank resources and for protection against discrimination. The standards focus on rules for the acceptance and giving of benefits, gifts and invitations.

The bank genuinely has procedures for ethically correct and lawful behaviour. Issues concerning

the integrity of the organisation have been implemented in the relevant work processes. These procedures are structured in line with the various requirements of the respective matter. The matter is checked for ethical correctness and where applicable compliance with the law. These procedures include for example replying to internal queries from the departments and the approval of issues with internal and external aspects. In supplement to these procedures, new products of the bank are also reviewed continually taking into account the above aspects. Compliance is also responsible for the drawing up and continual updating of the ethical principles. Requests for support can be made through various channels to Compliance. The ethical principles are published in both German and English. Breaches may result in consequences under employment law.

Integrity Check

As part of its customer acceptance check, NORD/LB conducts a separate integrity check for lending or trading transactions, business relationships with brokers or suppliers and service providers with an order volume above a fixed amount. The bank's business and customer-related protection systems are designed to prevent the bank from entering into or continuing

business relationships which might be for the benefit of money laundering, the financing of terrorism or any other criminal acts. This integrity check is conducted on the basis of publicly-available information (e.g. internet research, bank/office information, SCHUFA query). If the check reveals signs that the potential business partner has for example been convicted of a crim-

inal offence or fined by a government regulatory authority, fraud prevention management measures will be taken. For example, the infor-

mation is to be checked in particular for reputation and business risks and the business relationship is to be voted on.

Managing Conflicts of Interest

The avoidance of conflicts is governed by the ethical principles.

Conflicts of interest occur where several persons have an interest in the realisation of certain business opportunities or where one party can only realise its own interests at the expense of another party. This may be the case in relationships between the bank/staff and the customer/supplier, between the bank and staff and between customers.

In order to justify and maintain the trust of customers, staff and the public in the capability and integrity of the bank, the Managing Board has commissioned Compliance, with due consideration given to its neutrality and freedom from instructions, to monitor and prevent conflicts of interest.

For the particularly sensitive area of securities and ancillary securities services, the Managing Board has instructed Compliance to ensure that no transactions in which there are conflicts of interest are processed. In addition, the structure of Compliance ensures that the measures include compliance with the statutory regulations concerning the avoidance of conflicts of interest and the strict separation of different departments with access to sensitive customer data and information (Chinese walls) as well as the requirement that such information may only be passed onto other departments with the approval of Compliance.

Employees are key in the avoidance of conflicts of interest. All employees are required to provide their service to the best of their knowledge with due care and diligence. In the event of unavoidable conflicts of interest which might occur due to the customer and bank having different information, care will be taken to ensure that the customer orders are executed while duly protecting the interests of the customer. In this connection Compliance ensures that recommendations by NORD/LB or its members of staff are made honestly, fairly and in compliance with all legal requirements with the appropriate disclosure of risks.

All employees are also required to avoid situations in which their personal interests conflict with the interests of the bank or give the impression that they might conflict. For example, managing the affairs of a personally known customer represents a potential conflict of interest. In the interest of all parties, such circumstances are to be avoided if possible. The risk of conflicts of interest and an increased potential for abuse arises particularly in situations in which employees are given power of attorney for customers/accounts. Such circumstances are generally not allowed. As an exception they are only allowed with the head of department's prior written consent, followed by a notice of information to Compliance.

Executing and Auditing of Staff Transactions

Conflicts of interest also have to be taken into account in the execution of employee transactions; neither the interests of customers nor the

reputation and solvency of the bank itself may be harmed. In order to prevent dishonest behaviour and conflicts of interest, the bank has to issue

codes of conduct for employee transactions taking into account the statutory and regulatory framework. These rules are laid out in the guidelines for employee transactions and in the corresponding working instructions.

Prevention of Insider Trading

Through their work, NORD/LB's staff might obtain access to information which is not available to other persons and which they might be able to use for their own advantage. This represents a conflict of interest, too.

The purpose of the Insiderrecht (Insider Law) is to ensure that the markets for financial instruments work and to give investors the assurance that they are treated equally and protected against the unlawful use of information.

Any concrete information on circumstances which is not public knowledge and relates to one or more issuers of insider securities or to the insider securities themselves and could, if it became public knowledge, significantly influence the exchange or market price of the insider securities, is to be considered insider information.

With this framework in mind, employees are only allowed to make private securities transactions within their financial situation.

Employees are not allowed to use insider information to buy or sell insider securities for their own or someone else's account. They are also not allowed to pass on insider information or make it available to third parties without authorisation or use it to make investment recommendations. This also includes the passing on of the information within the bank; it is only allowed to be passed onto other staff if they need to know the information in order to perform their duties and they have formal authorisation to receive the information.

Staff members who typically have access to insider information of listed companies or have such access due to a special reason are also recorded by Compliance in an insider register and monitored separately.

Whistleblower System

The bank is required by law to take appropriate measures to protect against criminal acts committed internally or externally. The effective protection against damage and the prevention of damage from such acts is an important part of the bank's risk management. The bank does everything it can to prevent such acts, or at least detect them as early as possible, and to limit the potential of the risks as far as possible. Any attempt to commit prosecutable and criminal acts and to act dishonestly will be condemned by the bank as a serious and intolerable offence.

The bank has set up a whistleblower system to combat criminal and illegal acts. A process has been implemented which allows employees and members of governing bodies to provide anonymous and confidential tip-offs. All of the aforementioned persons have the opportunity to contact an external ombudsman. The role of the ombudsman is performed by a lawyer, who acts as a mediator between the bank and the whistleblower. He passes on information and maintains the anonymity of the whistleblower. The ombudsman can not only advise the whistleblower on problems, but also provide help and advice on the discontinuation of criminal behaviour.

A whistleblower will remain strictly anonymous to the bank because the ombudsman has a duty to

maintain lawyer-client confidentiality and is subject to the right to refuse to give evidence. After an initial check the ombudsman will pass the tip-off given to him onto the responsible contact in the bank. This contact is responsible for taking the necessary internal steps. Every member of staff also has the option of reporting the relevant matters to the manager, responsible member of the Managing Board, the Personnel Department, the Legal Department, Audit or Compliance.

Notwithstanding the reports submitted, Compliance also has extensive rights of inspection and audit in legal and ethical issues. These can be exercised at fixed regular intervals, for example to meet reporting obligations, or at any time on a random basis as required. These also constitute mechanisms for detection.

Staff members who provide a tip-off in good faith do not have to fear any disadvantage, even if the tip-off should prove to be unfounded. The whistleblower will not incur any costs as a result of his use of the ombudsman, these will be borne by the bank. With the appointment of an ombudsman, NORD/LB also follows the guidelines of the German Corporate Governance Code.

Guideline for ESG Requirements for Project Finance

NORD/LB only finances customer projects which entail significant ESG risks due to their structure and scope and if the environmental and social requirements are verifiably controlled in a responsible manner. Therefore for the finance of projects with a total cost of more than USD 10 million outside of financially-strong OECD countries, which NORD/LB intends to provide as a syndicate leader or on its own, customers are required to prove separately that they manage ESG project risks safely. For this purpose NORD/LB uses the requirements and procedures suggested

by the Equator Principles. They are set out in three categories in the NORD/LB guideline for ESG requirements for project finance:

- For category A projects (varied, significant and often irreversible environmental and social effects) and category B projects (negative environmental and social effects which can be prevented, reduced or compensated for with suitable measures), the project company has to identify the environmental and social

sustainability of the project and present the results to NORD/LB. For category A projects this must be developed by an independent expert on behalf of the project company. For category B projects it is sufficient for the project company to present individual documents. Either a national ESG regulation or the Performance Standards on Environmental and Social Sustainability and the industry-specific Environmental, Health and Safety Standards of the International Finance Corporation (IFC) will apply. In cases of doubt, the customer has to apply the more stringent framework.

- For category C projects (no or only a minimal negative social or environmental impact), beyond ensuring compliance with existing national ESG regulations, no further measures are to be taken by the project company.

In order to manage the ESG risks, the project company has to prepare an Environment & Social Management Plan. If necessary, it also has to set up a stakeholder management and complaints mechanism. In all agreements the meeting of these requirements will be accepted as assurance to provide finance for the aforementioned projects.

NORD/LB only provides partial finance for projects outside of financially-strong OECD countries if the finance syndicates are led by banks which ensure that they comply with the Performance Standards on Environmental and Social Sustainability of the IFC or a comparable set of rules.

Guideline for Dealing with Tax Requirements

As a company in the finance sector, not only NORD/LB, but also its customers are subject to tax law. Since 2013 a guideline for all staff requires that they meet all of the relevant tax law require-

ments at all times, behave in a professional and cooperative manner towards the tax authorities and do not help customers to break tax laws.

Compliance

As a bank and a registered public institute, NORD/LB has a particular duty to apply responsible corporate governance with clear ethical principles and act with integrity and in accordance with the law. NORD/LB employs a range of measures in its compliance management to prevent criminal activity as good as possible and to

protect society. Within the internal organisation, there are various instructions and codes of conduct for staff to follow. These start with the company's mission statement and also include guidelines and codes of conducts for the bank as a whole as well as working instructions and descriptions of work processes.

Compliance Management

In Compliance all of the banking supervision regulations are identified so that the departments of the bank concerned can be regularly informed of new and amended rules and regulations. The Managing Board is informed of new legal requirements and the progress of their implementation in the departments. As part of the bank's resolute action against money laundering, the financing of terrorism and other criminal offences, the comprehensive risk analysis has been extended to cover all white-collar crime.

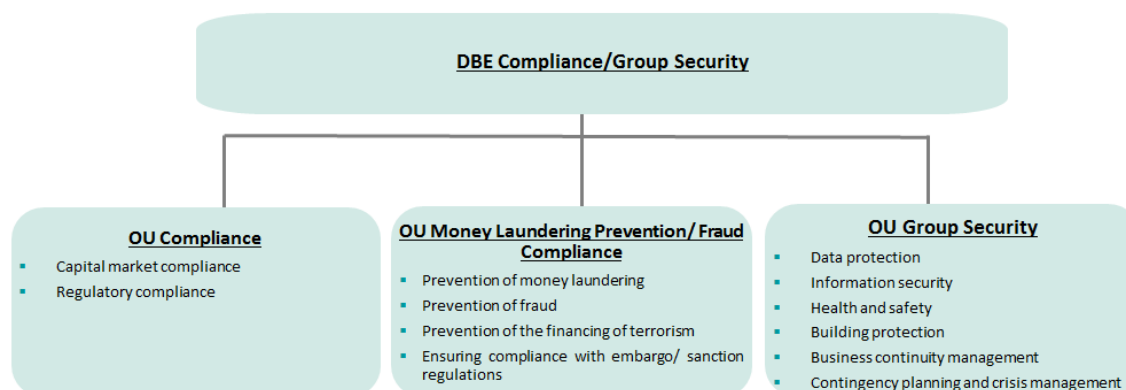
Appropriate prevention measures have also been defined within the bank's existing risk management. The bank's business and customer-related protection systems are designed to prevent the bank from entering into or continuing business

relationships which might be for the benefit of white-collar crime or facilitate anonymous transactions. If there is any indication of suspicious transactions, the suspicious activity has to be reported.

Employee awareness of this issue is raised with regular internet-based learning programmes, classroom training, newsletters and information letters.

Control, compliance and the prevention of money laundering, the financing of terrorism, fraud and any other criminal offences are the responsibility of NORD/LB's Compliance Officer and the Compliance organisation.

Chart 16: Organisational structure of Compliance



Prevention of Money Laundering and the Financing of Terrorism

The targeted combating of money laundering, organised crime and international terrorism also has to address the financial side and hinder the investment of the proceeds of criminal activity and cash flows which serve to finance terrorist activity. For example, the individuals, groups or companies involved are forced to “launder” their illegal gains, i.e. introduce these gains into the economic and financial system while concealing their true origin (“money laundering”). Here they try to use banks among other organisations. The same applies for international terrorist groups, whereby this does not involve the traditional “laundering” of money obtained by criminal activity, but preventing or hindering future crimes or their financing.

The bank is committed to combating money laundering and the financing of terrorism and pursues a “Know Your Customer” business policy which takes account of risk and complies with the applicable legal requirements of the Geldwäschegesetz (Money Laundering Act) and regulatory requirements.

The prevention of financial losses and reputation risks due to money laundering, other criminal activity (fraud) and the financing of terrorism and

creating the conditions required for compliance with embargo and sanction regulations are key tasks for the bank’s Compliance.

Besides advising the departments, the implementation of and compliance with all of the statutory and regulatory rules and obligations throughout the bank is one of its uppermost objectives; for this purpose Compliance also pays particular attention to ensure that the consistent implementation and monitoring of processes takes place within the bank.

Any misuse of NORD/LB for illegal purposes is strictly forbidden. An essential part of NORD/LB’s combating of money laundering and financing of terrorism is establishing the identification of the customer with official documents and other relevant information. A business relationship or processing a transaction is to be refused if there are reasonable doubts concerning the customer, the source of the funds or the type of transaction, NORD/LB is analysed annually for corruption risks in the fraud risk analysis in accordance with §25h para. 1 clause 1 of the German Banking Act. NORD/LB and its significant affiliated companies (Bremer Landesbank, Deutsche Hypo, NORD/LB Covered Bond Bank Luxembourg and NORD/LB

Asset Management) are examined thoroughly. In the risk analysis for 2015, 35 departments were identified and nine analysis clusters with 593 scenarios were checked.

In addition, as part of the integrated risk assessment, the whole bank was questioned in respect of fundamental fraud relevance. As this method is

now used throughout the NORD/LB Group to assess risk, the results can be compared across the Group.

We are not aware of any cases of corruption for 2015.

Compliance Training

All of NORD/LB's employees and managers have to participate in web-based compliance training immediately after joining the bank and thereafter at least every three years; training is provided on topics such as prevention of money laundering, embargos and other criminal activity. A certificate is awarded after they have taken a test to confirm that they have successfully completed the training and this is recorded under qualifications in NORD/LB's personnel system. Units that are particularly risk relevant also receive attendance training on the risks every 18 months at the latest. Since 2014 the web-based training has covered the topics of money laundering, fraud and capital market compliance. It consists of a basic module

and a more in-depth course for managers. In 2015 all of NORD/LB's employees refreshed their compliance knowledge through this programme. In addition, a GOC (Governance, Risk, Compliance) information letter concerning among other things current compliance issues is sent at least quarterly to raise staff awareness. Compliance also provides information on current issues in a blog in the employee portal. Regarding information and training for ESG-related issues, in the intranet there is a detailed section on sustainability with all of the relevant information, explanations and guidelines.

Sustainability Management

The term sustainability originates from forestry management. Here it means that only as many trees are felled as trees that are replanted. This should secure both the future livelihood of the current generation and the livelihood of future generations. The three dimensions of economy, environment and social were already intertwined here.

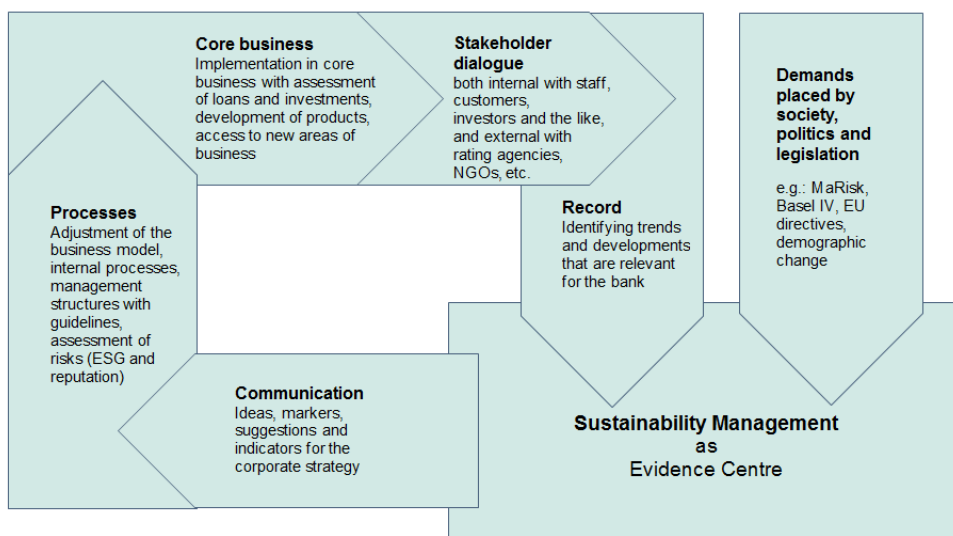
In the 21st century the term sustainability has become increasingly established as a guiding principle for modern management systems.

Sustainability means among other things assuming responsibility for our own business activities in order to survive in the long term in the market.

The term sustainability can therefore also mean the future viability of a company. Sustainability Management is playing an important role for NORD/LB so that it can safeguard jobs not only in the present, but also in the future and remain competitive.

To this end it is in constant communication with NORD/LB's stakeholders and monitors important social and business issues which have an influence on the bank and therefore need to be considered in its business activities. Sustainability Management not only records important information, it passes it on so that NORD/LB's processes are continually optimised.

Chart 17: Process flow for NORD/LB Sustainability Management



The Extended Group Managing Board defines the vision, guidelines and strategy, approves the management system, the targets and action programmes and is the highest-level representative of the sustainability strategy. The Chairman of the Managing Board is chiefly responsible for sustainable development in NORD/LB and is responsible for reporting the results to the shareholders. The Managing Board is supported in its activities

by the Sustainability Committee. The Sustainability Committee consists of Sustainability Management and representatives of Strategy Development, Group Organisation and Personnel, Compliance, the Finance and Risk Control Division, Group IT and Media & Communication.

Together with Sustainability Management, the members of the Sustainability Committee analyse

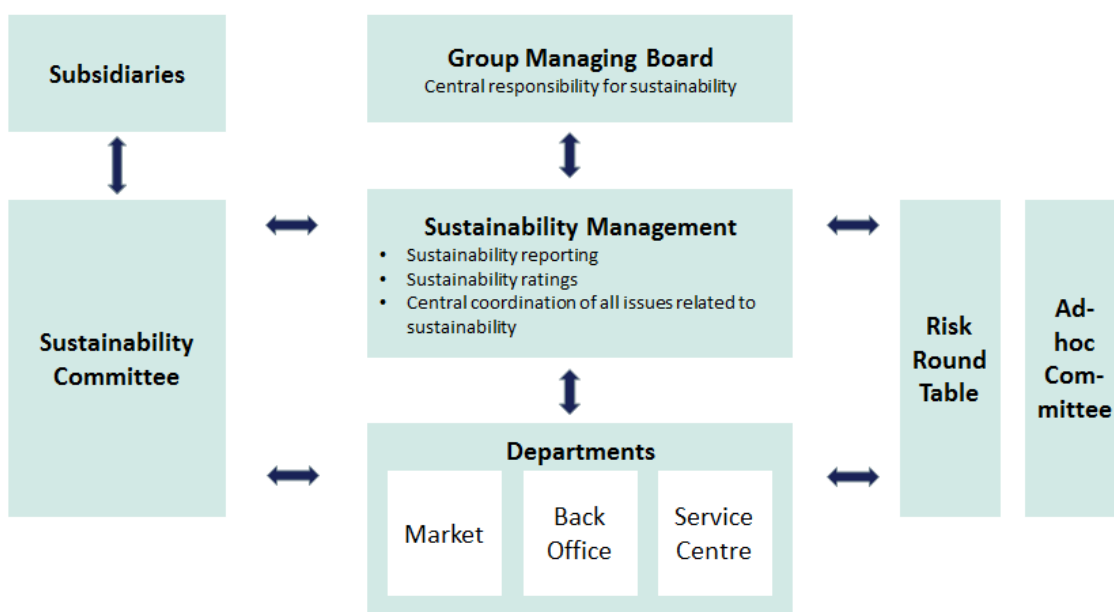
the requirements in the individual departments, develop targets and measures and propose these to the Managing Board for implementation. They also ensure that the measures are implemented in their respective departments.

All levels of management are included by the Sustainability Control Group and Sustainability Management in the discussion and decision-making processes regarding sustainability issues and also come up with their own ideas. As a result

sustainability is established as a corporate value at senior management level and the management committees have a profound knowledge base for sustainability issues in their areas of responsibility. This knowledge base is continually updated by internal communication measures and consultations on individual sustainability issues.

The organisational structure and functions are shown in Chart 18 below.

Chart 18: Organisational structure of Sustainability Management



Comments on critical voices

Recycling of Ships

In the year under review NORD/LB was linked to the financing of the scrapping of a ship it had financed in India.

In the stakeholder dialogue NORD/LB explained its business model for the Ship Customers segment to a non-governmental organisation. The bank only participates in the refinancing of ships up to the age of 15 years. Any financing beyond

this and in particular the scrapping of ships is not included in the business model and therefore rejected. During further discussions NORD/LB outlined what it is able to do and not do in its ship financing business.

The discussions were considered by NORD/LB to be very positive and provided good stimulus for the optimisation of its own business activities.

Financing and Investment Activities in Brown Coal

In a study on the financing and investment activities of German banks, NORD/LB was asked about its financing and investments activities in brown coal.

NORD/LB has outlined its sustainability activities in a sustainability strategy for NORD/LB as an individual institute and for the NORD/LB Group. In addition, a number of guidelines to eliminate ESG risks (ESG guidelines) have been adopted, including the guideline for climate change. Here NORD/LB eliminates the refinancing of nuclear and coal power plants.

With a systematic procedure NORD/LB ensures that the necessary sustainability aspects are considered in decisions on business activities.

Here the NORD/LB Group is guided by the principles of the UNEP FI and the principles of the UN Global Compact. With the drawing up of the ESG guidelines and the assessment of sustainability aspects in the customer lending process, key components of the sustainability strategy are reviewed independent of the commercial aspects. A framework of the aforementioned ESG guidelines establishes the link between the individual transaction and the relevant specific sustainability standard from the viewpoint of the NORD/LB Group. As a result, sustainability can be managed on an individual basis and in a target-oriented manner.

Controversial Areas of Business

NORD/LB holds together with TLN Beteiligungsgesellschaft mbH & Co. KG 49.85 per cent of the shares in Toto-Lotto Niedersachsen GmbH (TLN), which was acquired from the State of Lower Saxony. The remaining shares are held by the Niedersächsischer Fußballverband e.V. (Lower Saxony Football Association) and the LandesSportBund Niedersachsen e.V. (State Sports Federation

of Lower Saxony). NORD/LB's position as a shareholder means that TLN's public ownership, which is required by law, is maintained.

Bremer Landesbank holds an interest in Bremer Spielcasino GmbH & Co. KG (Bremer Spielcasino); it holds the shares in Bremer Spielcasino on behalf of the State of Bremen.

Both shareholdings are in an area of business which might be considered to be controversial by stakeholders.

As state-licensed lottery companies, TLN and Bremer Spielcasino meet the regulatory requirement of the federal states to provide a sufficiently attractive, responsible and respectable gambling service. The basis for this is provided by the gaming laws of the federal states and the current version of the State Treaty on Gambling in Germany.

The purpose of state-controlled gambling is to minimise the negative impact on people and society. Addiction to gambling and betting should be prevented by a range of prevention measures and anti-addiction measures. These include for exam-

ple identity checks, the possibility of barring oneself or others, training of employees to recognise problematic gaming behaviour and the arrangement of counselling. At the same time the population's natural urge to play should be kept within reasonable and monitored boundaries. Measures are taken to protect young people and gamblers and counter the development and spread of unlicensed gambling. With state-controlled gambling, gamblers are also protected against fraudulent activity and any consequential or accompanying crime related to unregulated gambling. Online gambling is generally prohibited in Germany, but may be permitted if certain conditions are met.

NORD/LB as an Employer

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Diversity and Equal Opportunity	Page 51
Recruitment	Page 53
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In this part of the report, the following indicators of the G4-standard are explained:

G4-10, G4-11, G4-50, G4-51

G4-EC3, G4-EC5, G4-EC6

G4-LA1, G4-LA2, G4-LA4, G4-LA5, G4-LA6, G4-LA7, G4-LA8, G4-LA9, G4-LA10, G4-LA11, G4-LA12, G4-LA13

G4-HR3

NORD/LB as an Employer

Employment

Increasing market requirements, a more complex regulatory environment and the diversified business models in the NORD/LB Group require efficient, value-adding, flexible and forward-looking personnel work.

Demographics, digitalisation and diversity are also a challenge for the NORD/LB Group's personnel policy. The NORD/LB Group's personnel work was again influenced in 2015 by demanding cost pressure. As a result, increased demands were placed on the NORD/LB Group's staff in 2015, in particular in the following areas:

- Flexibility
- Leadership
- Performance orientation
- Competencies and professional qualifications

The NORD/LB Group's strategic direction in respect of personnel is derived from the respective business and risk strategies of the individual Group institutes and is balanced by guidelines on employment:

- Control of the number of personnel, i.e. value-adding allocation of available resources and capacity as well as securing and maintaining jobs

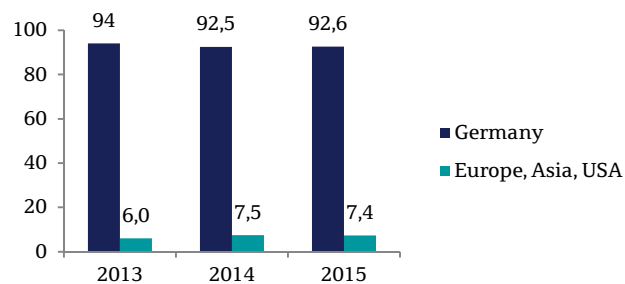
- Control of the personnel costs, i.e. ensure a market-oriented and performance-related remuneration landscape
- Control of the quality of personnel, i.e. enable necessary change as well as leadership and performance concepts
- Transformation management, i.e. implementation of efficient personnel processes and development of a proactively controlling personnel management in the interest of a future-oriented personnel policy.

With a value-adding range of personnel tools and products, NORD/LB has been able to create, develop and secure jobs on a permanent basis throughout the Group.

The NORD/LB Group pursued a challenging transformation process in 2015 with ambitious cost and headcount targets. At the end of 2015 the NORD/LB Group employed 6,343 people (2014: 6,597). The headcount was reduced according to plan by almost 4 per cent. The NORD/LB Group has a balanced mix of men and women, with the percentage of women in the workforce falling slightly to 49.63 per cent (2014: 50.1 per cent).

Table 2: Total workforce by employment type, employment contract and gender

	2013	2014	2015
Employees (total) ³	6,760	6,597	6,343
Permanent employees (total)	6,264	6,110	5,940
(in per cent)	92.6	92.6	93.6
of which male	-	-	3,014
of which female	-	-	2,926
Permanent full-time employees	4,981	4,784	4,642
(in per cent)	80.3	79.5	79.1
of which male	-	-	2,906
of which female	-	-	1,736
Permanent part-time employees	1,283	1,326	1,298
(in per cent)	19.7	20.5	20.9
of which male	-	-	108
of which female	-	-	1,190
Temporary employees (total)	494	487	403
(in per cent)	7.4	7.4	6.4
of which male	-	-	188
of which female	-	-	215
Temporary full-time employees	453	462	381
of which male	-	-	183
of which female	-	-	198
Temporary part-time employees	41	25	22
of which male	-	-	5
of which female	-	-	17
Apprentices and trainees	343	291	262
(in per cent)	5.0	4.4	4.1
of which male	-	-	121
of which female	-	-	141

Chart 19: Total workforce by region (in per cent)

The NORD/LB Group traditionally has a high staff retention rate and a high average length of service. The low staff turnover rate is proof of an active and successful retention policy and of value-adding jobs being secured.⁴

Chart 20: Staff turnover - total workforce by gender (in per cent)

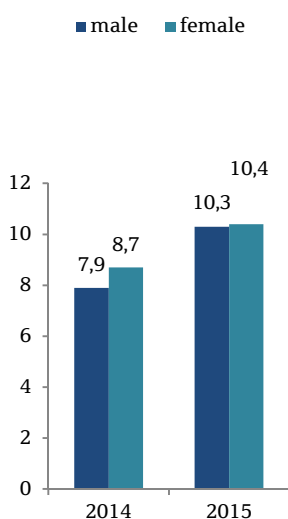


Chart 21: Staff turnover - total turnover by age (in per cent)

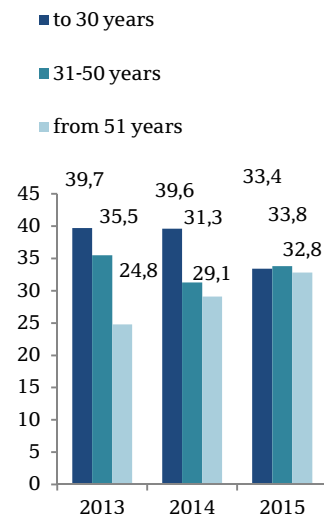
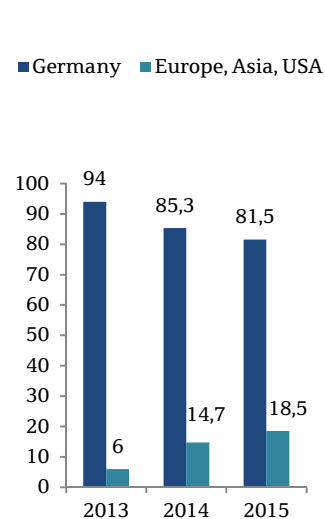


Chart 22: Staff turnover - total turnover by region (in per cent)



In the NORD/LB Group, all of the legal requirements in which the Group has business operations are met. In the Federal Republic of Germany these include for example requirements under labour and co-determination laws. Staff representatives are informed early of major changes to the business. In particular there is the obligation to inform the Staff Council or the Works Council (Deutsche Hypo) in good time and in detail of intended measures in accordance with the Niedersächsisches Personalvertretungsgesetz, NPer-sVG (Staff Representation Act of Lower Saxony), the Betriebsverfassungsgesetz (Deutsche Hypo) (Works Constitution Act) and the Bremisches Personalvertretungsgesetz, BremPersVG (Staff Representation Act of Bremen). The NORD/LB Group traditionally attaches great importance to co-determination. There is regular communication based on trust between the General Staff Council, the local staff councils, the Works Council and the Managing Board.

In addition to being informed by the Staff Council, staff are also regularly informed of important issues by Corporate Communications in the form of staff news releases via the intranet or e-mail. Staff who do not have access to an e-mail account are informed by their manager.

All employees of the NORD/LB Group have the option and the right to organise themselves in unions. They also receive strike pay. All staff members also have the right to freedom of assembly.

The staff are informed regularly and in detail in staff and works meetings. The time spent attending the staff and works meetings counts as working time. They also have the option of holding part staff meetings. The Works Council also informs staff regularly via information letters.

The NORD/LB Group's staff are represented by the ver.di union. Representatives of ver.di also attend every NORD/LB's staff meeting and report to the

staff as a standing agenda item. ver.di also informs them via separate information letters.

Diversity and Equal Opportunities

A working environment in which all staff is treated equally, regardless of gender, nationality, ethnic origin, religion, belief, disability, age, sexual orientation and identity is inextricably linked to the values of the entire NORD/LB Group.

The NORD/LB Group is committed to diversity and equal opportunity.

The framework for this is provided by the Group's fundamental values and its commitment to the "Diversity Charta".

Diversity management is a firmly established part of personnel strategy in the NORD/LB Group. A working environment in which all staff is treated equally provides the basis for successful personnel work. The operationalisation of the NORD/LB Group's diversity management is largely influenced by the principles of the initiative "Diversity as an Opportunity – Diversity Charta" of the companies in Germany, which NORD/LB and Bremer Landesbank signed up to in 2013 and Deutsche Hypo in 2014.

Regarding the issue of demographic change and age structure, Bremer Landesbank continues to develop age-group specific working conditions under the "Age-appropriate working" concept launched in 2013.

A further milestone for diversity in NORD/LB was the hosting of a Diversity Day in June as a member of "Diversity Charta", which set the tone for an integrated approach to diversity which takes into account cognitive aspects such as attitudes and experiences of the workforce.

In the NORD/LB Group the management potential of women is promoted systematically with targeted measures, for example in NORD/LB with a target quota for women in the job recruitment process. The percentage of management positions held by women therefore remained stable despite the continued job restructuring in 2015 at 18.8 per cent (2014: 19.1 per cent), with the percentage of women in the workforce falling slightly to 49.63 per cent (2014: 50.1 per cent), which in turn confirms the balanced mix of women and men in the NORD/LB Group.

With the number of women on the Supervisory Board remaining the same, their share has fallen slightly (20.8 per cent in 2015 compared to 21.2 per cent in 2014). Among the six members of NORD/LB's Managing Board was one woman in 2015 (16.7 per cent). NORD/LB's staff originate from 26 nations.

NORD/LB's ethical principles explicitly exclude any form of discrimination on the basis of gender, age, disability, ethnic origin, religion, belief, sexual identity, political views or union activity. Any breach of this principle may result in disciplinary consequences, including dismissal.

We are not aware of any incident of discrimination in 2015.

Chart 23: Supervisory and Administrative Board by gender

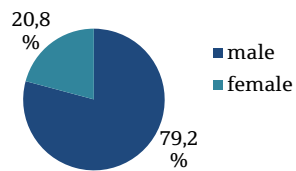


Chart 24: Directors/management by gender

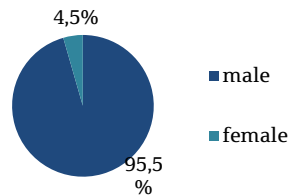


Chart 25: Age structure (in years) of managers

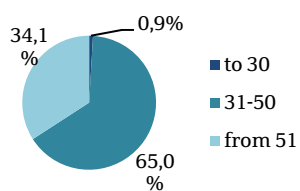


Chart 26: Managers by gender

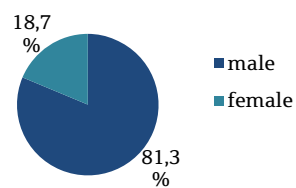


Chart 27: Age structure (in years) of staff

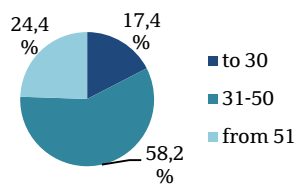


Chart 28: Workforce (total) by gender

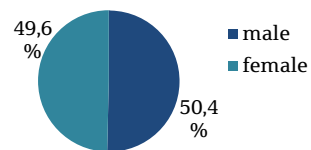


Chart 29: Workforce (total) by age

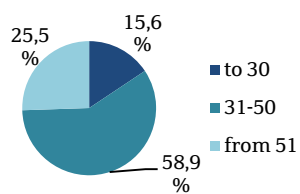
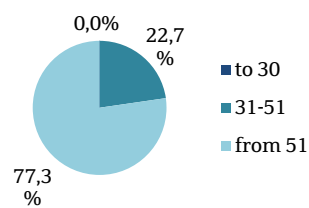


Chart 30: Age structure (in years) of directors/management



Recruitment

The NORD/LB Group's main locations which account for over 92.6 per cent of staff are located in the Federal Republic of Germany.

Staff is primarily recruited in Germany, while management positions are filled on a national and international basis.

In Luxembourg potential candidates from the whole region are targeted for vacant jobs and management positions, whereby many staff, regardless of their nationality, lives in Germany.

Chart 31: New staff

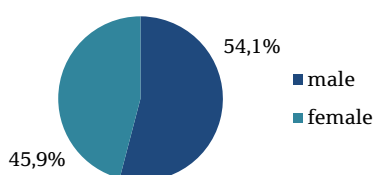


Chart 32: New staff (in years) by age structure

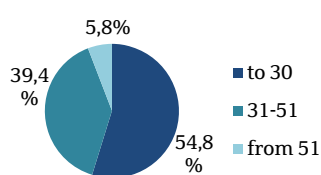
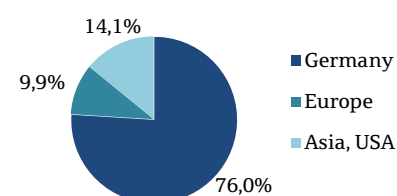


Chart 33: New staff by region/country



Apprenticeships

The apprenticeships offered in the NORD/LB Group are attractive and of high quality. They comprise primarily commercial professions, in some cases as dual studies or as different trainee programmes. In 2015 Deutsche Hypo added, in cooperation with Leibniz FH Hannover School of Business, a Bachelor of Arts degree in Financial Services (B.A.) to the range of training programmes it offers.

Against the industry trend, the number and quality of applicants for apprenticeships with the NORD/LB Group was above the previous year's level due to structured trainee recruitment campaigns and stable partnerships with universities. A new apprenticeship campaign specifically targeting college dropouts enabled the recruitment of new target groups.

NORD/LB cooperates with the following colleges: Leibniz Universität Hannover, Hannover Centre of Finance e.V. (HCF), Leibniz FH Hannover School of Business and Leuphana University of Lüneburg.

The cooperations have helped to strengthen the commitment of junior staff to the bank.

Increased performance requirements, mobility and flexibility of junior staff with at the same time cost and resource optimisation required a holistic approach to work with junior staff in the NORD/LB Group. The targeted control of the training and development of junior staff ensures that the NORD/LB Group's short and medium-term personnel needs are covered in a qualitative and quantitative sense with a pool of qualified young professionals that precisely meets the needs of the bank.

Despite the Group-wide need for efficiency improvements, a positive trainee rate of 4.1 per cent close to the previous year's level (4.4 per cent) was maintained in the NORD/LB Group. With its good training ratios, together with the high retention rate, the NORD/LB Group has this year again acted in keeping with its social and economic position and in accordance with its training policy.

Training

The potential-oriented personnel policy makes a valuable contribution to ensuring that the NORD/LB Group is sustainable. The management of the quality of personnel, i.e. enabling the staff to undergo necessary change and improve their willingness to lead and their commitment with needs-based personnel development, define NORD/LB's personnel development policy Group-wide in 2015. The dominant development career paths in the NORD/LB Group, among others management, expert and project management career paths, were pushed across the Group in 2015. NORD/LB's seminars traditionally support staff in their technical and management competence, in their social and method competence and in their personal competence. In order to increase flexibility and innovation in NORD/LB, the Design Thinking approach of the Hasso Plattner Institute was used for the first time in 2015. This project started in 2015 with training courses for the first staff as disseminators.

Training is controlled and validated in the NORD/LB Group with regular, structured development meetings between management and staff.

The number of further education opportunities for managers has risen slightly, due among other things to the attendance of specialist seminars and consolidation of the competence models. The attendance of training events for on average two working days per year also supports the quantitative dimension of the potential-oriented personnel policy.

In 2015 NORD/LB focused on an integrated programme for competence management, the binding integration and establishment of a competence model which, in terms of performance, change, action and leadership competence, defines tasks, attitudes and competences uniformly. The competence model gradually determined the focus of NORD/LB's whole training programme in 2015 and provided the basis for greater standardisation of the bank's knowledge and succession management. There was no need to change the established competence model of Bremer Landesbank in 2015. With its competence models, the NORD/LB Group ensures the long-term employability of its workforce.

Table 3: Attendance seminar days⁵

	2014	2015
Managers (in working days)	1,227	1,790
of which male	-	1,493
of which female	-	297
Staff (in working days)	8,147	7,137
of which male	-	3,565
of which female	-	3,572
Average working days	2.4	2
Percentage of training days for managers	13.0%	20.0%
Percentage of training days for staff	87.0%	80.0%
Number of hours for managers	9,570.6	13,962
Number of hours for staff	63,546.6	55,668.6

The range of training programmes is available equally and in equal measure to all staff, regardless of any factors such as age, gender, working time model and pay grade.

Annual Appraisals and Assessments

In the NORD/LB Group, the performance and competence of all managers and staff are assessed and their development is discussed and planned in the annual appraisal meetings.

The development discussion and plan enables managers and staff to discuss strengths, areas for development and the next development steps in a targeted manner.

Managers in the NORD/LB Group receive regular feedback on their management behaviour and constructive suggestions on how to develop their potential.

In order to establish the principle of lifelong learning and the importance of personnel development as a management role, the development discussion was also introduced as part of the annual appraisal in Deutsche Hypo in 2015.

Work and Family

NORD/LB supports the workforce with personnel-policy measures to ensure that there is a balance between work and family life. These include for example the home office, which is aimed in particular at staff with small children or relatives in need of care and enables them to spend a portion of their working hours in the home office. NORD/LB also provides for example a range of care services during the school holidays for

schoolchildren whose parents work for NORD/LB. In cooperation with an external parent service, NORD/LB can also ensure that relatives in need of care are looked after. The measures aiming to achieve a balance between work and family life also include flexi-time and part-time working models and the option of opening long-term working time credit accounts.

Corporate Health Management

Corporate Health Management and the health of staff is a social issue. A low sickness rate makes it easier to have a social life, achieve a balance between work and family life and ease the burden on social systems.

The management approach to personnel work in the NORD/LB Group is rounded off with qualitative health management, which aims to ensure that all staff remain healthy and fit for work.

The health of staff is an essential value-adding factor for the NORD/LB Group's economic success. There are interdependencies between the operational working conditions and performance of the workforce, which are managed in NORD/LB, Deutsche Hypo and Bremer Landesbank with the optimisation of working conditions on the one hand and the strengthening of personal resources with a company health management programme on the other.

The objectives of health management are set out in NORD/LB, Deutsche Hypo and Bremer Landesbank in a vision with high quality standards.

Corporate Health Management focuses on the development of personal and corporate health potential. Corporate Health Management supplements traditional health and safety with the development of corporate objectives that promote health, corresponding management behaviour and other health resources in order to ensure that these are firmly established in the structures of the bank. These can involve changes in the work organisation (structures and procedures), the restructuring of responsibilities or an improvement in communication structures.

A targeted improvement in working conditions and the work organisation can improve the personal performance of staff and solve or reduce health problems.

The quality of work improves due to:

- Less health complaints
- Improved well-being and better quality of life
- Healthier behaviour at work
- Better atmosphere at work

The benefits for the bank are due to:

- Higher productivity
- Lower sickness rate
- Higher job-satisfaction levels
- Better corporate communication
- Improved image for the company

The successful promotion of health is characterised by the following goals being met:

- Health is considered to be an important criteria in the structuring and organisation of work
- Managers perform their duties in a healthy manner as role models
- NORD/LB analyses health risks and stresses systematically and comprehensively and reports systematically on health
- The staff have a high health awareness and actively participate in improving their working conditions and in reducing stress

The active participation of staff is just as important for successful Corporate Health Management as the convincing commitment of managers, the Staff Council and the Works Council.

The staff has to be motivated by managers, recognise the measures and instruments of Corporate Health Management as a benefit and use them in a targeted and purposeful manner.

Confidants and representatives of severely disabled staff members are selected to support and protect disabled people, people at risk of disability and severely disabled people.

Health management in the NORD/LB Group companies includes proactive and preventive support mechanisms, for example

- Annual flu vaccinations
- Back fitness courses

- Business yoga to improve the handling of stressful situations
- Cooperations with fitness clubs in the region
- Health checks for staff and managers

In 2015 the service of Corporate Health Management focused on increased awareness-raising, training and qualification measures for managers with advisory services. This year NORD/LB and Deutsche Hypo developed a concept for mental risk assessment. With this concept NORD/LB is acting as a responsible employer in the sense of legal requirements.

Health and Safety

As employees of a financial services provider, the NORD/LB Group's staff does not undertake any activities that are classified as particularly dangerous or harmful to health.

Conditions are examined regularly with workplace inspections. Any noticeable problem, such as for example a cluster of accidents in a particular place, is reviewed by the health and safety officer.

A challenge for health and safety, which is also found in other industries, is the increase in mental illnesses and skeletal muscle disorders. Neutral external social counselling is available for staff with work-related or psychosocial problems. NORD/LB's Health and Safety Committee is responsible for all issues concerning health and safety and accident prevention. It normally meets four to five times a year and comprises in accordance with legal requirements the following:

- one employer representative
- two members of the Staff Council

- a company doctor
- two health and safety officers
- several safety representatives

Representatives of Corporate Health Management, Braunschweigische Landessparkasse and the confidant of severely disabled staff also sit on the Health and Safety Committee.

The Health and Safety Committee's duties include for example:

- Deal with fundamental issues and problems relating to health and safety, accident prevention and ergonomics
- Make recommendations on the implementation of new regulations and laws
- Develop campaigns and actions for selected topics
- Deal with the latest information from media reports on potential health risks

- Publish internal safety information as and when required
- Conduct regular site inspections

All health and safety topics in the NORD/LB Group are formally agreed with the staff representatives.

Beyond the legal requirements concerning health and safety and company medical services, NORD/LB offers its staff a range of advisory services. The company doctors also provide information on how to optimally organise workplaces and on preventive measures to counter false posture and vision problems. When furniture and computer equipment are purchased, the ergonomic features are taken into account.

The bank tries to reintegrate staff with long-term or chronic illnesses with individual measures.

Despite the increasing dynamic demands being placed on employees, with a health management programme to maintain and promote employee health the sickness rate was virtually stabilised in the NORD/LB Group in 2015 at 4.6 per cent (2014: 4.2 per cent). The number of accidents at work fell significantly (36 in 2015 – compared with 57 in 2014). The accident report outlines the policy for accidents at work.

There are no noticeable regional differences, and there have been no fatal accidents at work. If there are any noticeable problems (for example a cluster of accidents at the same location, suspicion of work-related cause for an accident), the scenes of the accidents are inspected by the health and safety officers and the company doctor. If necessary, measures are taken.

Table 4: Overview of days lost to sickness and accidents at work

	2014	2015
Accidents at work (number)	57	36
of which male	-	17
of which female	-	19
Accidents at work (working days)	822	475
of which male		153
of which female		322
Deaths due to accidents at work	0	0
Days lost to sickness (working days)	70,481	71,458
of which male	-	29,849
of which female	-	41,609
Planned working days	1,666,825	1,521,455
of which male	-	792,160
of which female	-	729,296
Accidents at work as a percentage of headcount	0.8%	0.5%
Accidents at work as a percentage of days lost to sickness	1.1%	0.6%
Accidents at work as a percentage of planned working days	0.0%	0.0%
Days lost to sickness as a percentage of planned working days (sickness rate)	4.2%	4.6%

First Aiders and Fire Safety Assistants

NORD/LB is required by law to train five per cent of its staff in first aid and in extinguishing incipient fires.

A review of the quotas as at 30 September 2015 produced the following result: 5.1 per cent of employees received training as first aiders and 4.8 per cent as fire safety assistants (domestically).

The departments that did not meet or only partly met the ratios were required to train appropriate staff in 2016.

External Security Personnel and Security Control Centre

NORD/LB's security control centre can be contacted 24 hours a day 365 days a year (24/7; shift operation) and is always manned by two employees of an external service provider.

In addition, various reception desks in the central buildings in Hanover, Braunschweig, Magdeburg and Schwerin are manned by at least one or two

employees. Additional security personnel is hired as required.

Only trained (regular and as required) security personnel is employed.

Remuneration

The remuneration of pay-scale employees in the NORD/LB Group is based on the collective agreement for the private banking sector and public banks. The jobs are rated on a task-related basis and not on a job-holder-related basis; this guarantees a minimum level of remuneration for the sector regardless of race, ethnic origin, gender, religion, belief, disability, age and sexual orientation, based on the employee's qualifications, duties, role and professional experience.

All non-pay-scale jobs are allocated to so-called career bands, first of all for NORD/LB with its locations in Germany. As a result the very different requirements in the different fields of employment can be illustrated more easily and more transparently.

The NORD/LB Group's permanent staff is entitled to a company pension. Different occupational pension schemes are in place in the NORD/LB Group. In addition to pension commitments, the present value of defined benefit obligations in the amount of € 2.33 billion includes allowance payments in the amount of € 194 million. The defined benefit obligation is broken down as at the balance sheet date into amounts for defined benefit plans in the amount of € 1.86 billion which are not financed through a fund and into amounts from defined benefit obligations in the amount of € 476 million which are either fully or partially financed through a fund. This information and further details can be found on pages 200 to 206 of the Group Annual Report 2015.

There are also extensive social benefits in the NORD/LB Group.

The Supervisory Board is responsible for ensuring that the design of the remuneration systems for the members of the Managing Board is appropriate. The remuneration of members of the Managing Board is made up of a fixed annual salary and variable remuneration.

Based on the plan for the Group, the Supervisory Board sets the targets for the assessment of the variable remuneration for the members of the Managing Board. This reflects the long-term performance of the Group and the bank across all business areas, the performance of the department concerned and the individual performance taking into account the risks taken. These also include the opportunities realised and risks taken from an ESG point of view. The ESG guidelines developed by NORD/LB provide the basis for this.

The variable remuneration for the Managing Board is paid solely in cash. It consists of a 40 per cent cash component, the remaining 60 per cent of the variable remuneration is spread over a retention period of five years and paid in instalments taking into account risk criteria. 50 per cent of the variable remuneration is linked to the consistent performance of the company and has a one-year retention period. The variable remuneration is not allowed to be greater than the fixed remuneration.

NORD/LB grants the members of the Managing Board employed by the end of 2013 a company pension by way of a defined benefit.

The Managing Board for its part is responsible for ensuring that the design of the remunerations systems for the reporting levels below the Managing Board, the so-called Direct Reports, is appropriate. Direct Reports are remunerated as contract employees of NORD/LB above the pay scale. The remuneration is normally made up of a fixed annual salary and variable remuneration. The variable remuneration is not allowed to be greater than the fixed remuneration.

The bonus system for the Direct Reports is based on a system of key figures for the assessment and payment of bonuses approved by the Managing Board. The system is basically the same as the system for the members of the Managing Board. The key figures reflect the consistent performance of the bank across all business areas, the performance of the department for which the Direct Report is responsible and the individual performance taking into account the risks taken. The amount of the portion to be spread is 60 per cent and is spread over three to five years. 50 per cent of the variable remuneration is linked to the long-term performance of the company and has a one-year retention period. NORD/LB has made use of the option provided in the *Auslegungshilfe zur Institutsvergütungsverordnung* (Interpretation Guide to the Ordinance on the Supervisory Requirements for Institutions' Remuneration Systems) of not delaying the payment of the variable remuneration of risk takers, in this case the Direct Reports, if the total variable remuneration is below € 50,000.

The company pension is granted by way of a defined benefit for Direct Reports employed by the end of 2013 and for Direct Reports who joined from 2014 by way of a defined contribution. All of NORD/LB's defined benefits are based on bank-wide, non-discretionary rules and do not provide any incentive to take disproportionately high risks. Instead the aim of the bank's company pension commitments is to motivate and to work towards the long-term success of the bank.

In order to ensure that the remuneration is appropriate an external remuneration consultant is instructed at regular intervals to obtain current market comparisons. These comparisons concern both the fixed and the variable remuneration.

If necessary, external consultants are also involved in the design of remuneration systems. In the financial year 2015 the consulting services of a personnel consultancy were used in the design of remuneration systems.

NORD/LB is a major institution as defined by the Institutsvergütungsverordnung (Remuneration Ordinance for Institutions). NORD/LB's remuneration system is therefore subject to the specific requirements of the Remuneration Ordinance for

Institutions. NORD/LB also has an obligation to disclose in accordance with § 16 of the Remuneration Ordinance for Institutions in conjunction with Article 450 of Regulation (EU) No. 575/2013 and prepares an annual Remuneration Report⁶.

Chart 34: Overview of pay-scale and non-pay-scale employees (in per cent)

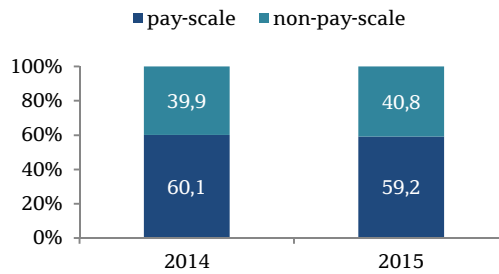


Chart 35: Overview of non-pay-scale employees by gender (in per cent)

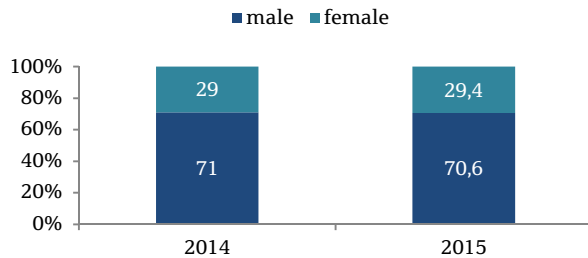
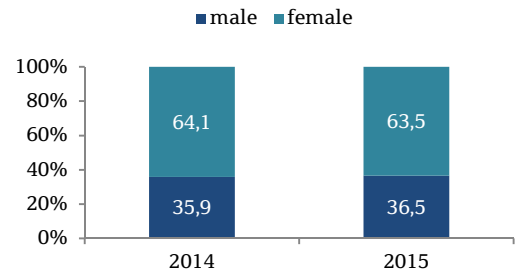


Chart 36: Overview of pay-scale employees by gender (in per cent)



Almost all social benefits such as health care, parental leave and the company pension are available to permanent full-time and part-time employees and to temporary employees.

Customers and Products

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In this part of the report, the following indicators of the G4-standard are explained:

G4-EC2, G4-EC8

G4-EN6, G4-EN27

G4-SO1

G4-PR3, G4-PR5, G4-PR6, G4-PR8

G4-FS7, G4-FS8, G4-FS10, G4-FS11, G4-FS15

Customers and Products

Legal Framework

For financial products, the laws require from banks that they meet extensive obligations in respect of information and transparency, for example the minutes of consultation meetings, that they define and allocate customers and products to risk classes, provide advice suitable for investors and investments and provide an overview of costs and remuneration. These requirements are met without exception.

Regarding investment advice, there is a systematic process with corresponding documentation requirements. Staff members who provide investment advice have the required qualifications in accordance with the Anlegerschutzgesetz (Investor Protection Act) and are accordingly registered with the Federal Financial Supervisory Authority. In order to ensure that their knowledge is kept up to date, internal training takes place regularly.

Customers are informed not only in the consultation meetings and by the production information handed out, but also by publications on specific issues such as the customer information on business in securities and other financial instruments.

NORD/LB's own issues are sold on the basis of the applicable laws, in Germany in accordance with the requirements of the Wertpapierprospektgesetz (Securities Prospectus Act), i.e. all of the information the customer requires can be obtained at the bank and is also published in the internet. The NORD/LB Group attaches great importance to compliance with legal requirements. This is monitored by Compliance with the audit of procedures and Internal Audit.

For the year under review, NORD/LB was not aware of any case of noncompliance with laws and regulations concerning information about the labelling of products and services and the provision and use of products and services.

Customer Satisfaction

In 2014 NORD/LB introduced a method that is used consistently throughout the NORD/LB Group to record and measure customer satisfaction. The aim of the customer satisfaction survey is to reveal the satisfaction of the bank's customers on the one hand and the risk of potentially losing customers on the other. The surveys will be repeated every two years. This Group-wide survey reveals specific needs for action by NORD/LB and its subsidiaries.

First of all the survey method used by NORD/LB defines standard recording criteria. Next, the data collected is aggregated and adjusted so that the

different business segments can be compared. In the study the customers are interviewed at NORD/LB Group business segment level. The survey covers the following areas:

- Overall customer satisfaction
- Customer loyalty
- Customer advisor
- Quality of advice
- Proactive approach

The results of the survey are transformed to a scale of 0 to 100. NORD/LB itself has set a minimum target of 80 index points to be achieved by itself and its subsidiaries.

In the benchmarking, NORD/LB uses the best-in-class method, i.e. it compares itself with the best competitor. This comparison reveals any potential for improvement. For the benchmarking, NORD/LB has defined a target of 60 points.

Data on product use and product preference is also collected in order to reveal how much the NORD/LB Group covers or can cover the customer's product and advice needs and where NORD/LB still needs to improve.

The Group-wide survey was conducted by telephone interviews and online surveys. Some of them were conducted independently by the subsidiaries, but always using the same method defined by NORD/LB for the Group.

Comprehensive Advice

NORD/LB focuses its advisory services on the objectives and needs of customers. In order to ensure that this is the case, in private customer business with the S-finance concept (savings bank finance concept), advisors use a standard advice instrument which ensures that full consideration is given to the individual customer needs. This also ensures the high quality of long-term-oriented advice. As high priority is attached to the use of the S-finance concept due to the aforemen-

Deutsche Hypo did not take part in the survey in 2014 because another customer survey had already taken place prior to the customer survey. For Braunschweigische Landessparkasse, which performs the savings bank function, in the Group-wide customer satisfaction analysis the method for savings banks was used. The results were also transformed so that this data also allows a Group-wide comparison.

The survey confirmed a predominant high level of customer satisfaction and loyalty. NORD/LB reaches its customers and largely meets their needs. The customers of the NORD/LB Group have expressed that they will remain customers and that they would choose again and recommend the companies of the NORD/LB Group. However, the survey has also revealed areas for action which need to be underpinned in the future by specific measures as expected.

tioned reasons, Braunschweigische Landessparkasse trains its staff continuously on this. For example, all apprentices learn how to use the finance concept in the first few months of their training.

By the end of 2012 NORD/LB also stopped paying sales commission to its staff and therefore follows current practice in the savings bank sector.

Data Protection

As a bank, NORD/LB comes into contact with a wide range of personal data. The protection of this data and the trust associated with its provision is a key responsibility for the bank. Accordingly, the confidential sensitive handling of customer data has the utmost priority in NORD/LB and particular importance is attached to the statutory obligations and data protection requirements that are to be considered. This applies both for the processing of personal staff and customer data and the personal data of suppliers, consultants and other contract partners in the NORD/LB Group.

For NORD/LB, the regulations of the Bundesdatenschutzgesetz (Federal Data Protection Act) and other laws with data protection regulations are to be considered. Besides ensuring that protected personal data is handled properly, data protection also involves checking that the rights of the persons affected by automated data processing are observed and the fundamental duties of specific office-holders with access to personal data in the bank. The strict security standards are reviewed at the highest level and are constantly being adjusted and updated.

In 2015 the concept for the integration of data protection into the bank's risk management system was developed with the methodical use of a

risk analysis. Using the risk analysis, in future proof of the adequacy and effectiveness of data protection can be provided in more detail.

First of all, every employee is responsible for ensuring that the data protection regulations are complied with. NORD/LB places its staff under obligation to act in accordance with the Bundesdatenschutzgesetz (Federal Data Protection Act), also beyond the termination of the contract of employment. Here the top priority is to maintain strict banking secrecy. The Data Protection Officer is responsible for the monitoring, advising, regular training and raising awareness to ensure that data protection requirements are met.

The Managing Board has entrusted an external Data Protection Officer with the task of performing this role. The Data Protection Officer works towards and monitors compliance with the Data Protection Act and the applicable guidelines. He reports directly to the Managing Board.

Overall there was one complaint by a third party which was acknowledged as justified by NORD/LB in 2015. There was also one data leak or rather a data loss, however this did not have any consequences. There were no complaints by regulatory authorities in the year under review.

Private and Commercial Customers

The Private and Commercial Customers segment comprises the following customer segments primarily in Northern Germany:

- Service Customers
- Branch Consultancy Customers
- Retail Corporate Customers
- Private Banking Customers

- Corporate Customers

In Braunschweig and in the parts of the former Duchy of Brunswick that are today part of Lower Saxony, BLSK performs the savings bank function in NORD/LB as an institute with partial legal capacity. In this function Braunschweigische Landessparkasse provides all kinds of banking and financial services and positions itself as a

savings bank with the competence of a universal bank.

The product range in the retail segments is based on the customer-specific savings bank finance concepts (S-finance concepts) and comprises all of the banking services and products for lending business and investment business including investment products, insurance, real estate brokering and home loan savings.

In addition, the extended services of the NORD/LB Group in the high-end customer segments comprise the asset management of Bremer Landesbank, the tandem support for corporate customers in NORD/LB and support for customers with international investments through NORD/LB-Vermögensmanagement Luxembourg S. A.

In Private Banking and in the Corporate Customers segment the NORD/LB Group positions itself in the respective locations as the first choice in the market. The Private Customers segment of Bremer Landesbank represents a competence centre in the Group with its asset and portfolio manage-

ment in capital market business and with its asset management.

So that customers can be provided with financial services across the region, the regional Braunschweigische Landessparkasse is represented in 93 locations throughout the business region. These include 44 branches in which the advisory competence has been strengthened. All of the branches have either a conventional or a self-service cash point.

17 locations are operated jointly with Öffentliche Versicherung Braunschweig as finance centres. The locations are supplemented by 32 self-service points. All of the locations have self-service facilities such as cash machines, self-service terminals and account statement printers.

In the year under review 25 locations were restructured. Seven branches were converted into self-service points. Fourteen branches are operated as finance centres. Three self-service points and one branch were closed.

Corporate Customers

NORD/LB is a lending bank and financier of the middle market that stands by its customers as a trustworthy partner in order to be perceived as a competent, long-term-oriented financing partner in this time of rapid market changes. This strategy is also reflected in the bank's customer portfolio, which is characterised by long and longer-term customer relationships. Customised and needs-based solutions allow excellent consulting in customer business.

In every loan risk assessment, besides the financial risks, the environmental and social risks are also discussed with the companies. If NORD/LB's customer advisers are asked by corporate customers for an assessment of their sustainability activities, they pass this request on to NORD/LB's

Sustainability Management so that it can provide its expert assessment.

As a full-service provider, the NORD/LB Group provides its corporate customers with an extensive range of traditional banking products and services. The services include transaction management, tailored business financing, management of interest and currency risk and complex financing solutions. Professional liquidity and risk management, the structuring of equity and innovative financing instruments complete the product range.

In addition to its own direct corporate customers business, NORD/LB acts as a partner to the savings

banks and their corporate customers for syndicate business in the network region.

Because NORD/LB's customer portfolio comprises companies from a number of industries, it finances companies in all sectors of the economy.

Structured Finance 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 particular industry. This primarily concerns financing for specific purposes which is related to a specific project or asset is offered and tailored to the respective individual need. The structure of this financing is developed taking into account the respective political and economic risks, legal and tax factors, social de-

terminants and optimal equity structures. The aim is to tailor project requirements and cash flows to the respective customers.

In order to help customers to manage the impact of project finance, NORD/LB has issued guidelines for environmental and social issues of corporate control and implemented these in its existing business processes. These ESG guidelines consider not only the environmental, social and economic aspects, but also the impact of projects on the respective communities.

Renewable Energies

Climate change runs risks and opportunities for the NORD/LB Group and its customers. The guideline for climate change created a framework for climate aspects to be actively integrated into the business and risk strategies. These also include the climate implications for the credit and investment portfolio.

With regard to the physical risks of climate change, NORD/LB assumes a low direct environmental risk to business activities as the majority of properties is used in non-exposed locations in the Federal Republic of Germany. An indirect risk for project finance is more likely as this is not restricted to the Federal Republic of Germany. However, as its main business region is in Europe and financially-strong OECD countries, the NORD/LB Group mainly finances projects with a low risk exposure.

In order to counter the effects of climate change and the shortage of resources, since the start of the 1990s NORD/LB has invested in projects in the area of renewable energies which stimulate the development. At the same time support is given to middle-market companies, commercial customers and private property owners to help them develop energy-saving and resource-friendly property concepts. Support is given to agricultural customers in the Federal Republic of Germany to help them develop new growth areas by using renewable energies from on-site plants.

By financing renewable energies, the bank follows its customers into their target markets and develops and maintains long-term-oriented customer relationships.

Financing and Funding Programmes

The NORD/LB Group is one of the leading financiers of renewable energies in Germany and Europe and assists industrial location in its core region, supports their growth strategies and offers interested investors qualified research on companies in this sector.

NORD/LB supports energy-optimised new building projects and restorations for private customers and in the housing sector. By doing so it supports its customers in their forward-looking orientation and makes a contribution to a future-oriented energy supply and energy use.

Products and Services with a Social Benefit

In calculating the monetary value of products and services with a social benefit, the direct and indirect contributions of the core business with customers and the society were considered. In view of social sustainability lending business with customers whose business activities are of particular public interest have been included. Based on the Bundesbank Industry Code, the following industries were identified:

- Crop and animal production, hunting and related service activities
- Forestry and logging
- Fishing and aquaculture
- Real estate activities

- Public administration
- Manufacture of food and feed products
- Education
- Human health activities
- Residential care activities
- Social work activities
- Libraries, archives, zoological gardens and museums

The financing volume of the NORD/LB Group committed to these sectors as at 31 December 2015 totalled approx. € 26 billion.

Products and Services with an Environmental Benefit

Lending business with an environmental benefit was likewise identified for the following industries:

- Water supply
- Waste water disposal

- Waste management
- Clean up of contaminated sites

The percentage of “green technology” financed in other industries was also estimated. For this purpose the GreenTech shares of global market volumes of selected industries calculated by the

Federal Environment Ministry were used⁷. The GreenTech shares of the following industries were considered:

- Automotive industry (GreenTech share 2 per cent)
- Chemical industry (6 per cent)
- Electrical industry (share 12 per cent)
- Machinery and plant engineering (share 20 per cent)

The financing volume of the NORD/LB Group committed to these sectors 2015 totalled approx. € 1.4 billion as at 31 December.

The NORD/LB Group is one of the leading financiers of renewable energies in Germany and Europe. The investments made by NORD/LB contribute to the development of alternative, more environmentally-friendly forms of energy production and supply and at the same time support structural change in rural areas.

Table 5: Financing volume – renewable energies

	2013	2014	2015
Wind (in € million)	5,398	6,055	7,088
Solar (in € million)	1,231	1,275	1,305
Biogas (in € million)	1,046	911	886
Total (in € million)	7,675	8,240	9,279
Estimated power consumption (in megawatts)	5,904	6,344	7,473

Many projects contributed not only to the development of renewable energies, but also helped to improve energy efficiency with projects involving for example the expansion of existing facilities for energy production.

By financing or expanding renewable energy plants, NORD/LB is helping its customers to reduce CO₂ in their energy production. Overall the NORD/LB Group invested € 2.7 billion in new business for renewable energies in 2015 and in doing so contributed to the generation of an estimated 2,000 MW from renewable energies. In purely arithmetic terms, this will, compared to energy production from coal and gas, allow savings of around 3.03 million tonnes of CO_{2e}.

Other Products with a Social, Ecological or Economic Benefit

The financial volume for renewable energies committed by NORD/LB includes promotional loans with a social, ecological or economic benefit awarded by the Kreditanstalt für Wiederaufbau (Reconstruction Credit Institute, KfW) to private persons (hereafter “KfW promotional loans”):

- 124/134 KfW-Wohneigentumsprogramm (home ownership programme)
- 148 IKU- Investitionskredit Kommunale und soziale Unternehmen (investment loan for municipal and social companies)
- 159 Altersgerecht Umbauen KREDIT (loan to help convert properties so that they are suitable for the elderly)
- 234 IKU-Barrierfreie Stadt (loan to help transform buildings, transport facilities and public spaces so that they are suitable for the disabled)
- 037 / 047 KfW-Unternehmerkredit (investment and working capital loan)
- 058 ERP-Kapital für Gründung (loan providing capital to set up and operate a business)
- 067 ERP-Gründerkredit Startgeld (loan providing capital to set up and operate a business)
- 068/ 073/ 074/ 075/ 076 ERP-Gründerkredit Universell (loan for busi-

ness founders, business successors, freelancers and young businesses)

- 062 / 072 ERP-Regionalförderprogramm (development loan for investment in regional development areas in Germany)
- 044 / 046 Unternehmerkredit plus (loan for innovative middle market companies and freelancers)
- 151, 152, 153, 167, 270 / 274, 271 / 272 / 281 / 282 and 275 (energy-saving measures and modernisation of properties in private ownership)
- 219, 240 / 241, 242 / 243 / 244 (energy-saving measures and modernisation and for properties of businesses and municipalities)

Chart 37: KfW development loans approved - new business (number)

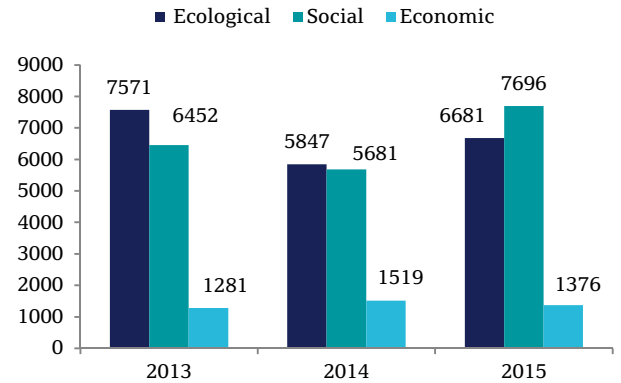
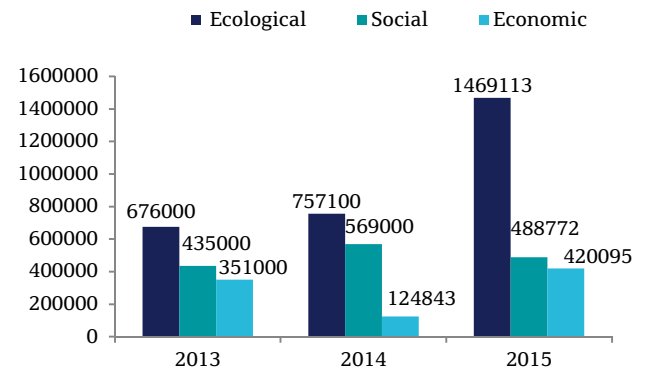


Chart 38: KfW development loans approved - new business (in € thousand)



Sustainable Own Business

NORD/LB has a trading strategy in accordance with the requirements of the Capital Requirement Regulation subject to the EU Regulation No. 575/2013, Article 102 ff. This regulation requires that banks with trading book positions as defined by this law can prove, based on a trading strategy approved by management and clearly-written guidelines on the active management and monitoring of the bank's trading book positions, that

the trading intent is consistent with the bank's trading strategy.

The internal guidelines, processes and strategies are reviewed regularly and in a manner appropriate for the type, scale and complexity of the transactions. Lending business in securities comprises, besides operational liquidity management, primarily investment in accordance with regulatory requirements (liquidity buffers, collateral with

central banks, Eurex etc.) and the management of

the Pfandbrief cover pool.

Sustainable Investment Business

Through NORD/LB Asset Management, institutional investors can purchase index funds which take into account environmental and social aspects in particular.

The NORD/LB Asset Management Global Challenges Index Fund reflects the Global Challenges Index of the Hanover Stock Exchange almost 1:1. This Global Challenges Index combines shares from 50 companies from the EU and G7 countries, which meet the sustainability criteria defined by the Hanover Stock Exchange together with oekom research AG. Alongside institutional investors, private customers also have the opportunity with this fund to take into account not only economic, but also social and ecological criteria in their investment.

On the bond side, NORD/LB Asset Management has developed the fund NORD/LB Asset Management Global Challenges Corporate Bonds (ISIN: DE000A1J3WP0) for its institutional customers. The debt securities included in this public fund equate to the investment universe of oekom research AG and also meet the environmental and social criteria of the Evangelical Church in Germany.

NORD/LB Asset Management also offers alternative investment funds (Spezial-AIF, formerly Spezialfonds) in which the specific sustainability requirements of individual institutional customers are considered. Strict exclusion criteria apply for all investments, for example cluster bombs.

The renowned expert Dr. Axel Hesse is employed as a specialist in sustainable investments for NORD/LB Asset Management. The founder and Managing Director of SD-M GmbH has around 20 years of experience in the field of sustainable investments and has published a number of sci-

entific papers on sustainable investments by institutional investors. He has also developed key sustainability indicators and standards, such as the Sustainable Development Key Performance Indicators (SD-KPI). In 2015 the SD-KPI were used for the first time to check the portfolio of an institutional investor. The aim is to examine how sustainable a portfolio is by means of a comprehensible and comparable analysis.

NORD/LB Asset Management is currently considering whether additional products can be issued in future which will use the indicators for investment decision-making developed by Dr. Hesse.

NORD/LB Asset Management's second partner is imug Beratungsgesellschaft für sozial-ökologische Innovationen mbH, which has developed an annual sustainability rating for funds. The analysis focuses on the rating of covered bonds such as Öffentliche Pfandbriefe, Hypothekendarlehen and Schiffspfandbriefe included in funds. Every covered bond type is given an individual rating with both the sustainability management of the issuer of the bond and the sustainability of the underlying collateral of the covered bond being examined. These two components taken together and weighted individually result in a rating for each bond. A similar sustainability rating applies for agencies.

Using this method, NORD/LB Asset Management has set up a special fund for a customer with selected social, ecological and economic criteria (Sustainability Fund - Spezial AIF). NORD/LB Asset Management offers this opportunity to all of its customers.

**Table 6: Assets of the sustainable investment fund of
NORD/LB Asset Management**

(in € thousand)	2013	2014	2015
Global Challenges Index Fund	102,774	143,955	143,968
Global Challenges Corporate Bonds	20,605	29,418	28,246
Sustainability Special Fund - Spezial AIF	44,394	267,004	270,861
Total	167,773	440,377	443,075

Social Commitment of NORD/LB

Initiatives	Page 73
Donations and Other Support Contributions	Page 74
Culture	Page 74
Science	Page 75
Social	Page 75
Politics	Page 76
Regional Economic Analyses	Page 77

In this part of the report, the following indicators of the G4-standard are explained:

G4-EC1, G4-EC7

G4-SO1, G4-SO6

G4-FS13, G4-FS14, G4-FS16

Social Commitment of NORD/LB

As a bank and a public-law institution, social commitment in the business environment is a key issue for the NORD/LB Group. The region is not only where the bank's branches and offices are, it is also home and natural habitat of its employees and is not less important for the staff recruitment of the next generation. The bank also obtains many of the services it uses from the region. NORD/LB therefore not only focuses on supporting business and infrastructure, but also on supporting educational opportunities and social, scientific and cultural developments in its region and is financially involved in numerous social projects to make the region attractive and worth living in:

- as a partner of industries and municipalities
- as a sponsor of art, culture and science
- as a supporter of social projects
- as a donor and sponsor
- and with the voluntary work of its staff

Initiatives

Through Braunschweigische Landessparkasse NORD/LB Group also performs the important task of educating children and young people about finance. One main topic is its cooperation with schools throughout the business region. For example, the "Planspiel Börse" (Stock Exchange business game) is offered to children and teaches them how to manage money responsibly and introduces them to the world of the stock exchange. Young customer coordinators visit primary schools teaching its pupils in a playful way how to handle money. Secondary schools are offered project days and lessons on money issues which provide practical knowledge on issues such as the first current account and pension schemes.

In order to enable people with a difficult financial background to make cashless payments, Braun-

schweigische Landessparkasse offers a citizen account (Bürgerkonto) which is managed solely on a credit basis. As at 31 December 2015 6,905 customers are using such a citizen account.

Voice guidance, which has been installed in 72 cash machines with a deposit facility, provides visually-impaired customers with a better service. These customers can now use cash services independently at 61 locations. Further help for visually-impaired customers is provided by software which reads out the content of the online branch.

The branches have also been designed to be barrier free. NORD/LB is therefore making it easier for mobility-impaired customers to access its services. In the year under review alternative access methods were created and extended with the telephone and online branch. As a result mobility-

impaired customers can conduct much of their banking business from home.

As part of its public duty, Braunschweigische Landessparkasse has the special responsibility of introducing current accounts and payment transactions to the currently high number of refugees.

To this end, brochures have been published in Arabic, English and French. In addition, a multi-language presentation has been developed which can be used for example in German lessons or in integration programmes.

Donations and Other Support Contributions

Table 7: Overview of donations

(in € thousand)	2013	2014	2015
Social	540	851	435
Culture	2,096	1,515	1,591
Environment	108	11	5
Sport	666	598	362
Research, business and science	1,107	867	387
Others (no category)	146	167	105
Total	4,662	4,011	2,885

Culture

NORD/LB has a tradition for decades as a sponsor of art and culture. This commitment has been taken over by the NORD/LB Culture Foundation founded in November 2012. The purpose of the NORD/LB Culture Foundation is to provide financial and non-financial support for art and culture in areas where NORD/LB conducts its business. In 2015 a total of € 402,000 was awarded to 47 projects. Funds were awarded in particular to educational projects in the areas of fine arts and music, for example to the Graphic Days organised by the Grafikstiftung Neo Rauch (foundation of graphic works) for children and young adults in Saxony-Anhalt and to the “Akademie der Spiele” (Games academy) in the Herrenhausen Arts Festival. Events such as the International Competition for Choreographers in Hanover, the Kurt Weill Festival in Dessau and the Music Festival in Mecklen-

burg-Western Pomerania are also important projects funded by the foundation.

In 1994 NORD/LB set up the Braunschweigische Stiftung together with Öffentliche Versicherung Braunschweig, which is today one of the biggest sponsorship foundations in Lower Saxony. Its activities are centred on the region in and around the city of Braunschweig.

Since 1993 Bremer Landesbank’s “KONTAKTE ZUR KUNST” (contact to art) cultural programme has concentrated on exhibitions of contemporary international art in cooperation with museums in Bremen and Oldenburg. The bank also organizes concerts and music theatre projects possible in cooperations with Bremer Theater, the Oldenburgisches Staatstheater and the Music Festival.

In 2015 Bremer Landesbank made a significant contribution to the refurbishment of the Oldenburg Augusteum and now provides an appropriate setting again for the presentation of the art gallery of the Oldenburg State Museum for Art and Cultural History. Kunsthalle Bremen obtained new fixtures for the Gallery of Media Art. The

“Ausplündern und Verwalten” (Plunder and Administration) exhibition looked back on Bremen Tax Office’s Nazi past. The goal of the Arp-Schniger-Kulturerbe e. V., an association sponsored by Bremer Landesbank, is the recognition of the Arp Schnitger organs as a UNESCO World Heritage Site.

Science

NORD/LB accepts its social responsibility as a landesbank in Lower Saxony and Saxony-Anhalt and as the clearing house and central bank for the savings banks in Lower Saxony, Saxony-Anhalt and Mecklenburg-Western Pomerania and provides financial and non-financial support for scientific projects in its business region.

In its support for science, NORD/LB focuses on the next generation of scientists and relies, in addition to awarding scholarships, in particular on the targeted sponsorship of individual scientific projects in a number of different disciplines. NORD/LB also funds foundation professorships and sponsors the Hannover Centre of Finance and the Niedersächsische Wirtschaftsarchiv (Lower Saxony Business Archive), while Braunschweigische Landessparkasse sponsors the Braunschweiger Hochschulbund e.V.

In its support for science, Bremer Landesbank helps finance the foundation professorships for the European Medical School (University of Oldenburg), the International Tax and Business Law course of Bremen College of Public Administration and the Shipping and Chartering course of Bremen University of Applied Sciences.

Deutsche Hypo also sponsored the Johann Georg Zimmermann Research Prize and the Johann Georg Zimmermann Medal in 2015. Both prizes are awarded annually for exceptional service to cancer research. The award presentation ceremony was held in Hannover Medizinische Hochschule (MHH).

Social

To promote the maintaining and teaching of values in society, NORD/LB funds institutions and organisations which are involved in the education and training of disadvantaged children and young people and people with a difficult social background and allow them to improve their living conditions. NORD/LB provides financial support for example for the work of institutions

which take in and provide therapy for abused children, daycare facilities for children in deprived areas and learning projects in schools with a migration background. NORD/LB also supports numerous projects in advice centres for disadvantaged people and people with particular social difficulties.

As part of an initiative for refugees, in 2015 NORD/LB also gave migrants the opportunity to learn about everyday working life in a bank with work experience placements, allowing them to gain some professional experience and improve their German. On top of the minimum wage, the trainees were also given a valuable starter set with learning material and working clothes, individual language courses were paid for and they were also mentored by senior management.

Braunschweigische Landessparkasse has its own criteria for promotions based on its statutes. Key criteria include:

- Art and culture and access to a broad section of the population
- Support for children and young people in their overall development through participation in social and cultural events

- Sport, with support for all social classes
- Home and connection with local habitat
- Stimuli for new projects

Bremer Landesbank's social commitment has for many years focused on developing the skills of children and young people. In 2015 the promotion for individual projects went to the Deutscher Kinderschutzbund Landesverband Bremen, the Freundeskreis Haus der Familie in Bremen, Lesewerkstatt 21hoch3 Bremen, START-Stiftung, start Jugend Kunst Stiftung Bremen, SELAM-Lebenshilfe Oldenburg, Präventionsrat Oldenburg and Spastikerhilfe Leer. To provide help to refugees, Bremer Landesbank supported AWO Soziale Dienste Bremen and the Bremen and Oldenburg regional associations of the German Red Cross.

Politics

NORD/LB is actively involved in the development of a binding and transparent regulatory framework for the financial services sector, with its representatives working in various associations. These include the German Global Compact Network, the Finance Initiative UNEP FI, the Association for Environmental Management and Sustainability in Financial Institutions (VfU), the German Association of Savings Banks and Girobanks

(DSGV) and the Association of German Public Sector Banks (VÖB), whose current President is the Chairman of NORD/LB's Managing Board.

The NORD/LB Group's guidelines do not allow contributions to political parties and organisations related to political parties.

Regional Economic Analyses

For a landesbank, the impact of business activity is assessed at local level by the associated savings banks. The consequences of business activity are also assessed in NORD/LB's analyses of the regional economy.

The bank routinely examines industry-specific and economic developments in Lower Saxony, Saxony-Anhalt and Mecklenburg-Western Pomerania. These are a key indicator for the future development of NORD/LB's products and services and at the same time provide its customer divisions with important information for the direction of their business.

In addition to the annual studies on the 100 biggest companies, the following studies were published and following events were held in the individual federal states.

Mecklenburg-Western Pomerania:

- Broadband expansion - challenging, but economically positive (study)
- Financing approaches for broadband expansion (study)
- Health economy of high importance and with high potential (study)
- Industry 4.0. Opportunities and risks for Mecklenburg-Western Pomerania (study)
- Location marketing - opportunities in the region (lecture in the "Wirtschaftstreff" business conference hosted by Sparkasse Mecklenburg-Schwerin)

Lower Saxony:

- Economic outlook for Lower Saxony (study)
- Financing approaches for broadband expansion (study)

- Municipalities - economically important - in financial difficulty (study)
- Press conference held on economic outlook (lecture)
- Invitation to the broadband marketplace (lecture)
- Invitation to the Heidekreis Future Day (lecture)
- Information event held on broadband expansion for districts, cities and savings bank representatives (lecture)
- Invitation from the Lower Saxony Association of Municipal Companies (VKU Niedersachsen) (lecture)

Saxony-Anhalt:

- Broadband expansion - growing dynamically and economically positive (study)
- Financing approaches for broadband expansion (study)
- Industry 4.0 - opportunities and risks for Saxony-Anhalt (study)
- Invitation to the "Wittenberger Gespräche" (Wittenberg Talks) by the federal state government on Saxony-Anhalt 4.0 - Saxony-Anhalt in 25 years' time (lecture)
- Information event held on broadband expansion for districts, cities and savings bank representatives (lecture)

Banking Operations

Energy and Emissions	Page 78
Material Consumption	Page 80
Waste and Waste Water	Page 81
Transport	Page 82
Supplier Management	Page 83

In this part of the report, the following indicators of the G4-standard are explained:

G4-EC9

G4-EN1, G4-EN2, G4-EN3, G4-EN4, G4-EN5, G4-EN7, G4-EN8, G4-EN9, G4-EN15, G4-EN16, G4-EN17, G4-EN18, G4-EN19, G4-EN20, G4-EN21, G4-EN22, G4-EN23, G4-EN30, G4-EN32, G4-EN33

G4-LA14, G4-LA15

G4-HR1, G4-HR4, G4-HR5, G4-HR6, G4-HR7, G4-HR10, G4-HR11

G4-SO9, G4-SO10

Banking Operations

Against the background of negative environmental developments on a global level, such as climate change, a shortage of water and resources, deforestation and threats to biodiversity, business and society are being called on to make a contribution towards protecting the natural environment. In the NORD/LB Group this is happening on two levels: in the management of the indirect environmental consequences of business activities and corporate environmental protection.

Regarding the indirect environmental consequences of business activities, a guideline for the environmental impact of business activities was issued in 2013. It concerns for example the implic-

it environmental consequences of investment in certain types of project. Other guidelines concern aspects which are relevant for NORD/LB such as climate change and the production of energy from hydropower.

With regard to corporate environmental management, an environmental guideline has been issued and all environment-related parameters are included in an environment management system in line with ISO 14001. These include the aspects of energy and resource consumption at all levels of the operational business and the resulting greenhouse gas emissions.

Energy and Emissions

In the financial year 2015 activities concentrated on the efficient heating and power supply of buildings, because this is where the NORD/LB Group has the greatest potential to further reduce direct CO₂ emissions and costs. In 2015 a number of improvements were again achieved in the area of the bank's environmental management. These included, in addition to new-build projects, in particular adjustments to systems technology, new multifunction devices and switching the lighting to LED technology (including outdoor advertising structures).

As a part of the bank's environmental management, NORD/LB has provided its staff with incentives and new opportunities to act in an environmentally-friendly manner in their every-day work. This includes the choice of transport, energy consumption and the procurement of environmentally and resource-friendly office material.

At the end of 2013 NORD/LB introduced a catalogue of sustainability-oriented office equipment for its locations in Germany, in order to highlight environmentally-compatible and fairly-produced products.

In the search for potential energy savings, attention is focused on NORD/LB's buildings. In recent years planning and consultancy firms have been used many times and savings measures have been introduced in the area of installations, underground car parks, heating, lighting and air conditioning. A range of optimisation measures were examined, assessed and implemented in 2015.

The efficiency of the IT infrastructure is the key driver for electricity consumption. Most of the printers and multifunction devices used were set to double-sided printing and like the monitors also switch to energy-saving mode shortly after being used. The planned replacement of central

network components is still in progress. Currently the total energy consumption has now risen to 173,255,173 MJ. Energy consumption per employee is 27,314 (26,105) MJ.

In 2015 business travel was reduced compared to the previous year by around 3.4 per cent to

Table 8: Direct energy consumption by primary energy source

(in GJ)	2013	2014	2015
Gas	35,403	27,759	26,727
Heating oil	2,296	1,298	212
Fuels (petrol, diesel) for backup power supply	45	83	275
Petrol consumption for vehicles	1,424	3,906	607
Diesel consumption for vehicles	24,722	22,359	23,805

Overall heating energy consumption for company buildings was reduced in 2014 by 22.9 per cent to 29,057 GJ.

24,551,711 km. While air travel increased by 18.2 per cent to 9,198,082 km and rail travel by 3.3 per cent to 5,348,807 km, business travel by car fell by 7.2 per cent to 10,004,822 km. At around 4.8 per cent, business travel by car again accounts for the largest share of business travel.

Table 9: Indirect energy consumption by primary energy source

(in GJ)	2013	2014	2015
Electricity	87,939	87,862	91,632
District heating	63,791	52,406	54,410
Total	151,730	140,269	146,042

Electricity consumption was virtually unchanged compared to the previous year. At the same time, in NORD/LB's domestic offices only electricity from renewable sources has been used since 2012.

District heating consumption fell in 2014 by 17.8 per cent to 52,406 GJ. This was primarily due to the warm winter. Overall the indirect consumption of primary energy sources has fallen by 7.6 per cent.

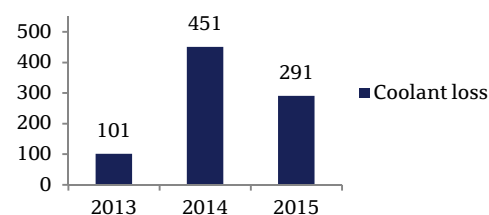
Table 10 shows all of NORD/LB Group's direct and indirect greenhouse gas emissions using the Greenhouse Gas Protocol method (GHG Protocol).

Table 10: Greenhouse gas emissions using the Greenhouse Gas Protocol method

(in t CO ₂)	2013	2014	2015
Scope 1: Direct CO₂ emissions			
Gas	1,996	1,565	1,472
Heating oil	172	97	17
Fuels (backup power supply)	3	6	22
Petrol (company cars)	111	308	57
Diesel (company cars)	1,868	1,690	1,792
Coolant loss	181	451	434
(Total Scope 1)	(4,331)	(4,117)	(3,794)
Scope 2: Indirect CO₂ emissions			
District heating	1,994	1,584	1,517
Electricity	1,459	2,601	2,830
(Total Scope 2)	(3,453)	(4,186)	(4,347)
Scope 3: Indirect CO₂ emissions by third parties			
Electricity	74	297	474
Heating	959	750	865
Transport and travel (e.g. business travel)	2,449	2,471	2,473
Paper	398	404	356
Water	60	70	68
Waste	120	228	409
(Total Scope 3)	(4,060)	(4,220)	(4,645)
Total	11,844	(12,523)	12,785

In the NORD/LB Group CO₂ emissions have risen since 2013 by 7.9 per cent to 12,785 tonnes (t). At the same time though the switch to green electricity in 2012 reduced the balance by around 9,000 t per year.

Chart 39: Emissions of ozone-depleting substances



Material Consumption

The efficient use of paper, water and energy and the prevention and recycling of waste are important drivers for resource management and core activities for corporate environmental protection.

The share of recycled paper was around 13.1 per cent. With fresh fiber paper, primarily paper from sustainably-managed forests with the Forest Stewardship Council (FSC) seal is used for printer and copier paper.

Table 11: Materials used by weight or volume and share of recycled material

	2013	2014	2015
Paper consumption (in t)	331	336	305
- of which recycled paper	39	31	40
- of which fresh fibre paper (ECF and TCF)	281	293	265
- of which fresh fibre paper, chlorine bleached	11	13	0
Percentage of paper with a sustainability mark	92%	98%	80%
Paper consumption per employee (in kg)	52	51	48

NORD/LB obtains its drinking water from regional suppliers. For its offices in Hanover for example, water is obtained from waterworks to the north and south of the city (Elze-Berkhof, Fuhrberg,

Grasdorf) as well as from reservoirs in the Harz. In Braunschweig drinking water is primarily obtained from the Ecker and Grane reservoirs in the Harz.

Waste and Waste Water

The volume of waste water corresponds with a stated water consumption of 97,261 m³. This concerns drinking water from sanitary facilities and kitchens. The waste water is discharged into the municipal waste water system in accordance with legal requirements.

Recyclable material is recycled as far as possible. All staff should always separate waste. For example, bins for biowaste, packaging and residual waste have been installed at central points in NORD/LB's locations in Germany.

Chart 40: Total water withdrawal by source (in m³)

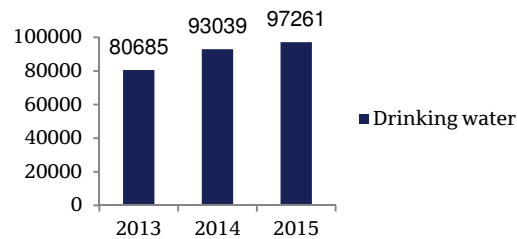
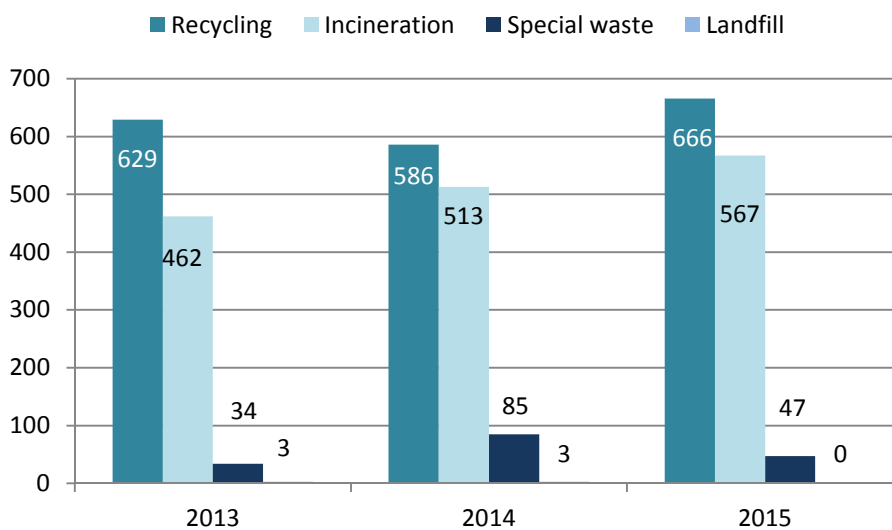


Chart 41: Total weight of waste by type and disposal method



Overall the NORD/LB Group has achieved a recycling rate of around 52 per cent. Special waste is disposed of via the legally-prescribed routes.

The significant reduction in the volume of special waste is a direct consequence of the replacement of IT hardware carried out in NORD/LB.

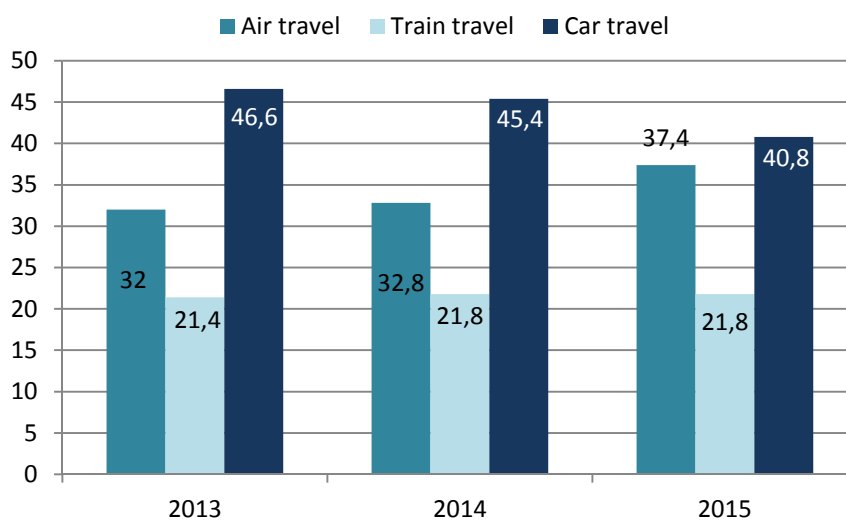
Transport

Against the background of negative environmental developments and for the general protection of the environment, the NORD/LB Group offers its staff the opportunity to use job tickets so that they can travel by public transport for their daily commute to work. In 2015 38.9 per cent of the NORD/LB Group's staff took advantage of this offer.

The banking sector is very reliant on personal contact with its customers and the coordination of staff. Business travel is a key factor in the area of transport. On the one hand NORD/LB's staff is

required to choose the most economical form of transport, and to take into account environmental considerations in their travel planning and arrangements on the other. For example, according to the bank's guideline for travel expenses, rail travel is generally more preferable than using a car. However, due to the bank's presence across the region, the car is still the most frequently used form of transport. The objective is to limit travel by air and car to the bare minimum by increasing staff awareness and further increasing the use of technological alternatives such as telephone and video conferences.

Chart 42: Overview of significant environmental impact caused by transporting staff (in %)



Supplier Management

General

Banks, and therefore NORD/LB, are service companies. Their core business is the brokering of, providing advice on and selling of banking products. For this reason banks are not affected by the traditional supply chain risks of manufacturing companies, for example risks from the supply of raw materials and supplies.

Nevertheless, NORD/LB is reliant on the supply of goods and services in order to conduct and maintain its business.

Long-term business relationships are established with service providers and suppliers.

NORD/LB contributes to the economic development of the region by always inviting local and regional suppliers to tender for contracts to supply goods and services. Almost 95 per cent of its goods and services are purchased directly in Germany. In addition, orders (e.g. for IT components) are placed with service providers and suppliers from financially-strong OECD countries which are committed not only to satisfying the economic requirements, but also the environmental and social requirements in their supplier management in accordance with the ten principles of

the UN Global Compact. The regular monitoring of this in the form of random samples has proven to be sufficient to date.

The selection of service providers and suppliers addresses not only economic issues, but also environmental and social issues. The following goods and services are bought:

- Software and IT components
- Other technology
- Building and office equipment
- Consumables and forms
- Electricity, heating and water
- Food for the staff restaurant

There have been neither changes in the locations of suppliers and service providers, nor in the structure of the supply management nor in the choice of main suppliers and service providers.

Procurement Process

Procurement is broken down into centralised and decentralised purchasing. The procurement process is set out in the “Purchasing and contract management” working instruction and applies for the whole bank.

Decentralised purchasing is primarily confined to means of travel (via a contract travel agent), approved office material, forms, advertising material (via a contract partner) and transactions involving small amounts. Centralised purchasing is

performed by the OU Procurement Management and by Facility Management. This not only imposes a needs-based and environmental purchasing process, it also ensures that all new service providers and suppliers are selected in accordance with the bank’s corporate and sustainability principles and that proof of this can be provided. These requirements include meeting environmental, human rights and labour practices criteria.

All procurement processes are also to be implemented taking into account and in compliance with the following overriding documents, which the working instruction explicitly refers to:

- Fraud prevention policy
- Ethical principles
- Sustainability principles
- Guideline on human rights and labour standards

Additional Contractual Provisions

All contracts are also, depending on the subject matter of the contract, accompanied by or include additional contractual provisions which regulate among other things environmental and social aspects. Currently the following general terms and conditions exist:

- General terms and conditions for services
- General terms and conditions for software services
- General terms and conditions for work services
- General terms and conditions of purchase

All general terms and conditions include a comprehensive sustainability clause which quotes the content of the ten internationally-recognised principles of the UN Global Compact covering the areas of human rights, labour, environment and anti-corruption and place service providers and suppliers under contractual obligation to comply with these.

The bank has a policy of zero tolerance for corruption and bribery and expects this from its service providers and suppliers as well. The sustainability clause used in NORD/LB's standard and framework contracts also addresses and specifies the

- Data protection policy

Requests for quotes are made for purchases above € 5,000. When drawing up contracts, the bank uses standard and framework contracts. Contracts that differ from standard contracts are examined by the Legal Department. The "Meeting due diligence obligations under the Money Laundering Act (GWG) and the Tax Code (AO)" working instruction also requires a separate integrity check for order volumes above € 1 million.

requirements in respect of environmental protection, minimising environmental pollution, improving internal environmental protection and using environmentally friendly products.

The buyer has to ensure that all of the environmental, social and ethical requirements specified are also met by his suppliers and service providers. In the event of any breach of the sustainability clause, NORD/LB reserves the right to extraordinarily terminate the contract. NORD/LB has the right to demand corresponding proof from its services providers and suppliers.

All general terms and conditions and contracts which address the employment of people in NORD/LB also include a passage in which the contractor undertakes to pay at least the minimum wage defined by law or collective agreement. Relevant contracts concerning the awarding of services in the low-wage sector were up to date and corresponding contractual provisions included (cleaning, security, personnel services).

NORD/LB's service providers and suppliers are not exposed to any specific physical risks from its activities as a service company.

We are not aware of any complaints concerning labour practices, inhumane employment, any information on actual and/or potential negative environmental or social impact and any cases of

discrimination or corruption in connection with

NORD/LB's supply chain.

Audit

The quality of external suppliers and service providers is ensured by risk-adequate service-provider control. For significant services outsourced, a quarterly risk assessment takes place

using defined risk indicators. An individual contingency plan is also drawn up for each significant service outsourced.

IT

Of the physical products supplied, IT hardware has the greatest impact in respect of any violations of human rights. The use of IT components is

essential for the banking industry. At the same time it is very difficult for us to monitor the manufacturing process adequately.

Security Personnel

Security personnel are employed in the security of buildings and in the transportation of cash. The security personnel are bound by the laws of the Federal Republic of Germany and for foreign branches by the laws applicable for the respective location.

NORD/LB's foreign branches in New York, Shanghai and Singapore are located on floors and in rooms leased in existing office complexes. Hiring security personnel is covered by the overall lease agreement. In these cases there are no individual contracts between NORD/LB and the security companies.

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In this part of the report, the following indicators of the G4-standard are explained:

G4-4, G4-8, G4-16, G4-17

G4-EC1

G4-FS6

Facts and Figures

Income Statement as at 31 December 2015

Income Statement

	Notes	1 Jan. - 31 Dec. 2015 (in € mil- lion)	1 Jan. - 31 Dec. 2014 (in € mil- lion)	Change (in %)
Interest income		8 262	8 919	- 7
Interest expenses		6 288	6 934	- 9
Net interest income	20	1 974	1 985	- 1
Loan loss provisions	21	698	735	- 5
Commission income		340	301	13
Commission expenses		106	116	- 9
Net commission income	22	234	185	26
Trading profit / loss		- 82	730	> 100
Profit / loss from the fair value option		218	- 643	> 100
Profit / loss from financial instruments at fair value through profit or loss	23	136	87	56
Profit / loss from hedge accounting	24	144	43	> 100
Profit / loss from financial assets	25	72	- 3	> 100
Profit / loss from investments accounted for using the equity method	26	8	- 37	> 100
Administrative expenses	27	1 114	1 125	- 1
Other operating profit / loss	28	- 97	- 75	29
Earnings before reorganisation and taxes		659	325	> 100
Reorganisation expenses	29	- 6	- 48	- 88
Expenses for public guarantees related to reorganisation	30	-	1	- 100
Earnings before taxes		653	276	> 100
Income taxes	31	135	71	90
Consolidated profit		518	205	> 100
of which: attributable to the owners of NORD/LB		547	303	
of which: attributable to non-controlling interests		- 29	- 98	

Balance Sheet Data as at 31 December 2015

Balance Sheet

Assets	Notes	31 Dec.2015 (in € million)	31 Dec.2014 (in € million)	Change (in %)
Cash reserve	32	872	1 064	- 18
Loans and advances to banks	33	21 194	23 565	- 10
Loans and advances to customers	34	107 878	108 255	-
Risk provisioning	35	- 2 919	- 2 747	6
Balancing items for financial instruments hedged in the fair value hedge portfolio	36	91	114	- 20
Financial assets at fair value through profit or loss	37	14 035	16 306	- 14
Positive fair values from hedge accounting de- rivatives	38	2 507	3 483	- 28
Financial assets	39	34 515	45 120	- 24
Investments accounted for using the equity method		290	318	- 9
Property and equipment	40	573	568	1
Investment property	41	77	80	- 4
Intangible assets	42	149	139	7
Assets held for sale	43	58	56	4
Current income tax assets	44	37	57	- 35
Deferred income taxes	44	663	784	- 15
Other assets	45	978	445	> 100
Total assets		180 998	197 607	- 8

Liabilities	Notes	31 Dec.2015 (in € million)	31 Dec.2014 (in € million)	Change (in %)
Liabilities to banks	46	48 810	58 986	- 17
Liabilities to customers	47	60 597	57 996	4
Securitised liabilities	48	35 877	40 714	- 12
Balancing items for financial instruments	49	753	1 176	- 36
Financial liabilities at fair value through profit or loss	50	16 057	18 169	- 12
Negative fair values from hedge accounting derivatives	51	3 148	3 926	- 20
Provisions	52	2 428	2 846	- 15
Liabilities held for sale	53	7	6	17
Current income tax liabilities	54	116	73	59
Deferred income taxes	54	87	100	- 13
Other liabilities	55	306	867	- 65
Subordinated capital	56	4 299	4 846	- 11
Equity	57			
Issued capital		1 607	1 607	-
Capital reserves		3 332	3 332	-
Retained earnings		2 493	1 957	27
Revaluation reserve		454	420	8
Currency translation reserve		- 9	- 10	- 10
Equity capital attributable to the owners of NORD/LB		7 877	7 306	8
Additional equity		50	-	
Equity capital attributable to non-controlling interests		586	596	- 2
		8 513	7 902	8
Total liabilities and equity		180 998	197 607	- 8

Segment Report

Segment Reporting by Business Segment

1 Jan.-31. Dec.2015	Private and Commercial Customers	Corporate Customers	Markets	Energy and Infrastructure Customers	Ship Customers	Aircraft Customers	Real Estate Banking Customers	Group Management/ Others	Reconciliations	NORD/LB Group
(in € million)										
Net interest income before loan loss provisions	208	338	214	196	435	116	232	94	140	1 974
Loan loss provisions	4	27	-	22	916	- 3	- 24	- 234	- 9	698
Net interest income after loan loss provisions	205	312	214	174	- 481	119	257	328	149	1 276
Net commission income	58	62	72	70	46	18	-	- 49	- 44	234
Profit/ loss from financial instruments at fair value through profit or loss	1	16	19	5	18	3	5	96	- 26	136
Profit/ loss from hedge accounting	-	-	-	-	-	-	-	144	-	144
Profit/ loss from financial assets	-	-	-	-	-	-	-	79	- 7	72
Profit/ loss from investments accounted for using equity method	2	-	-	-	-	-	-	6	-	8
Administrative expenses	193	148	146	97	116	25	68	306	17	1 114
Other operating profit / loss	- 13	1	4	5	-	- 1	-	- 44	- 49	- 97
Profit / Loss before reorganisation and taxes	60	242	162	157	- 533	115	195	254	6	659
Reorganisation expenses	-	-	-	-	-	-	-	- 6	-	- 6
Expenses for public guarantees related to reorganisation	-	-	-	-	-	-	-	-	-	-
Earnings before taxes (EBT)	60	242	162	157	- 533	115	195	248	6	653
Taxes	-	-	-	-	-	-	-	-	135	135
Consolidated profit	60	242	162	157	- 533	115	195	248	- 129	518
Segment assets	7 343	22 407	38 472	16 772	21 273	8 260	15 193	51 716	- 439	180 998
of which: investments at equity	45	-	-	-	-	-	-	245	-	290
Segment liabilities	7 457	9 003	48 100	3 599	4 585	763	469	103 588	3 434	180 998
Total risk exposure amount	4 407	12 938	5 062	8 185	36 670	5 209	6 978	6 098	- 21 872	63 675
Capital employed	397	1 164	447	737	3 300	469	628	1 110	- 711	7 541
CIR	75,2%	35,5%	47,3%	35,2%	23,2%	18,1%	28,4%	0,0%	0,0%	46,4%
RoRaC/RoE	14,1%	19,3%	35,8%	20,2%	-16,1%	24,5%	21,7%	0,0%	0,0%	8,7%

1 Jan.-31. Dec.2014	Private and Commercial Customers	Corporate Customers	Markets	Energy and Infrastructure Customers	Ship Customers	Aircraft Customers	Real Estate Banking Customers	Group Management/ Others	Reconciliations	NORD/LB Group
(in € million)										
Net interest income before loan loss provisions	271	310	226	171	366	97	245	295	5	1 985
Loan loss provisions	- 3	4	- 2	-	718	2	50	- 37	4	735
Net interest income after loan loss provisions	274	305	228	171	- 352	95	195	332	1	1 250
Net commission income	39	64	46	66	27	18	4	- 44	- 35	185
Profit / loss from financial instruments at fair value through profit or loss	3	- 2	23	- 9	10	5	8	- 41	91	87
Profit / loss from hedge accounting	-	-	-	-	-	-	-	43	-	43
Profit / loss from financial assets	16	-	-	-	-	-	-	- 23	4	- 3
Profit / loss from investments accounted for using equity method	-	-	-	-	-	-	-	- 37	-	- 37
Administrative expenses	291	134	149	87	105	22	71	254	12	1 125
Other operating profit / loss	- 17	2	11	4	1	-	-	- 36	- 40	- 75
Profit / Loss before reorganisation and taxes	24	234	158	146	- 420	96	136	- 58	10	325
Reorganisation expenses	-	-	-	-	-	-	-	- 49	-	- 48
Expenses for public guarantees related to reorganisation	-	-	-	-	-	-	-	- 1	-	- 1
Earnings before taxes (EBT)	24	234	158	146	- 420	96	136	- 108	10	276
Taxes	-	-	-	-	-	-	-	-	71	71
Consolidated profit	24	234	158	146	- 420	96	136	- 108	- 61	205
Segment assets	7 729	20 460	42 309	15 535	20 116	8 122	16 487	65 742	1 107	197 607
of which: investments at equity	45	-	-	-	-	-	-	273	-	318
Segment liabilities	7 270	6 216	45 699	3 152	4 548	677	667	125 800	3 579	197 607
Total risk exposure amount	4 690	12 002	5 005	7 258	38 708	4 603	9 812	10 618	-23 463	69 231
Capital employed	387	961	391	581	3 097	369	771	1 424	- 703	7 277
CIR	98.4%	36.0%	49.0%	37.3%	26.1%	18.5%	27.6%	0.0%	0.0%	51.4%
RoRaC/RoE ²³	5.0%	22.9%	34.3%	22.2%	-13.6%	23.4%	14.6%	0.0%	0.0%	3.8%

Equity Holdings

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		
BLB Immobilien GmbH, Bremen	100.00	–
BLB Leasing GmbH, Oldenburg	100.00	–
Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale -, Bremen	–	54.83
Bremische Grundstücks-GmbH, Bremen	100.00	–
Deutsche Hypothekenbank (Actien-Gesellschaft), Hannover ²⁾	–	100.00
KreditServices Nord GmbH, Braunschweig ²⁾	–	100.00
Nieba GmbH, Hannover ²⁾	–	100.00
NOB Beteiligungs GmbH & Co. KG, Hannover	100.00	–
NORD/LB Luxembourg S.A. Covered Bond Bank, Luxemburg-Findel / Luxemburg	–	100.00
NORD/FM Norddeutsche Facility Management GmbH, Hannover ²⁾	–	100.00
NORD/LB Asset Management AG, Hannover	100.00	–
NORD/LB Asset Management Holding GmbH, Hannover	–	100.00
Nord-Ostdeutsche Bankbeteiligungs GmbH, Hannover ²⁾	–	100.00
NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen	100.00	–
NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG, Bremen	100.00	–
TLN Beteiligung Anstalt des öffentlichen Rechts & Co. KG, Hannover ³⁾	–	100.00

Company name and registered office	Shares (%) direct	Shares (%) indirect
ab) Special Purpose Entities included in the consolidated financial statements		
Beteiligungs- Kommanditgesellschaft MS "Buxmelody" Verwaltungs- und Bereederungs GmbH & Co., Buxtehude	–	–
DEMURO Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Pullach im Isartal	–	–
Fürstenberg Capital Erste GmbH, Fürstenberg	–	–
Fürstenberg Capital II. GmbH, Fürstenberg	–	–
GEBAB Ocean Shipping II GmbH & Co. KG, Hamburg	–	–
GEBAB Ocean Shipping III GmbH & Co. KG, Hamburg	–	–
Hannover Funding Company LLC, Dover (Delaware) / USA	–	–
Happy Auntie S.A., Majuro / Marshallinseln	–	–
KMU Shipping Invest GmbH, Hamburg	–	–
MS "HEDDA SCHULTE" Shipping GmbH & Co. KG, Hamburg	–	–
MT "BALTIC CHAMPION" Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT "BALTIC COMMODORE" Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT "NORDIC SCORPIUS" Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT "NORDIC SOLAR" Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT "NORDIC STAR" Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
NORD/LB Objekt Magdeburg GmbH & Co. KG, Pullach i. Isartal	–	–
"OLIVIA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
"OLYMPIA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
"PANDORA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
"PRIMAVERA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
Proud Parents Investments Co., Majuro / Marshallinseln	–	–
"QUADRIGA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
ac) Investment funds included in the consolidated financial statements		
NORD/LB AM ALCO	–	100.00

Company name and registered office	Shares (%) direct	Shares (%) indirect
ad) Companies / investment funds accounted for in the consolidated financial statements using the equity method		
Joint Ventures		
caplantic GmbH, Hannover	-	45.00
Bremische Wohnungbaubeteiligungsgesellschaft mbH, Bremen	50.00	-
Associated companies		
Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede	32.26	-
BREBAU GmbH, Bremen	48.84	-
GSG Oldenburg Bau- und Wohngesellschaft mit beschränkter Haftung, Oldenburg	22.22	-
LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hannover	44.00	-
LINOVO Productions GmbH & Co. KG, Pöcking ⁹⁾	-	45.17
NORD KB Beteiligungsgesellschaft mit beschränkter Haftung, Hannover	-	28.66
Öffentliche Lebensversicherung Braunschweig, Braunschweig ¹⁰⁾	-	75.00
Öffentliche Sachversicherung Braunschweig, Braunschweig ¹⁰⁾	-	75.00
SALEG Sachsen-Anhaltinische-Landesentwicklungsgesellschaft mbH, Magdeburg ⁵⁾¹⁰⁾	-	56.61
Toto-Lotto Niedersachsen GmbH, Hannover	49.85	-
Investmentfonds		
Lazard-Sparkassen Rendite-Plus-Fonds	49.18	-
ae) After IFRS 5 valued companies		
Subsidiaries		
Nordic Buxtehude Schifffahrtsgesellschaft mbH & Co. KG	-	-
Nordic Stade Schifffahrtsgesellschaft mbH & Co. KG	-	-
NORD/LB Vermögensmanagement Luxembourg S.A., Luxemburg-Findel / Luxemburg	-	100.00
Associated companies		
Deutsche Factoring Bank Deutsche Factoring GmbH & Co., Bremen	27.50	-

Company name and registered office	Share of capital held (in %)	Equity ¹⁾ (in Tsd €)	Profit/Loss (in Tsd €)
b) Companies not included in the consolidated financial statements with an equity capital of greater or equal +/-€ 1 million			
BGG Oldenburg GmbH & Co. KG, Bremen	100.00	9 065	1 053
Braunschweig Gesellschaft mit beschränkter Haftung, Braunschweig ²⁾	100.00	9 061	-
Braunschweig Grund Objektgesellschaft Driebenberg mbH & Co. KG, Braunschweig ¹⁰⁾	66.67	1 584	532
LBT Holding Corporation Inc., Wilmington (Delaware) / USA ¹⁰⁾	100.00	9 124	706
LHI Leasing GmbH & Co. Immobilien KG, Pullach im Isartal ¹⁰⁾	90.00	1 023	24
MALIBO GmbH & Co. Unternehmensbeteiligungs KG, Pullach im Isartal ¹⁰⁾	77.81	7 456	485
NBN Norddeutsche Beteiligungsgesellschaft für Immobilien in Niedersachsen mbH, Hannover ¹⁰⁾	90.00	2 580	1 642
Norddeutsche Investitionen Beteiligungsgesellschaft mbH, Hannover ¹⁰⁾	100.00	15 291	20
NORD/LB RP Investments LLC, Wilmington (Delaware) / USA ¹⁰⁾	100.00	6 388	- 2 000
Porzellanmanufaktur FÜRSTENBERG GmbH, Fürstenberg/Weser ²⁾	98.00	3 088	-
Skandifinanz AG, Zürich / Schweiz ¹⁰⁾	100.00	13 844	- 798
Terra Grundbesitzgesellschaft am Aegi mbH i.L., Hannover ¹⁰⁾	100.00	1 070	- 52
Vermögensverwaltungsgesellschaft Thiede mit beschränkter Haftung, Braunschweig ²⁾	100.00	1 278	-
c) Capital share of greater or equal 20 % in companies with an equity capital of greater or equal +/- € 1 million			
Joint Ventures/ associated companies / other			
Adler Funding LLC, Dover / USA ¹⁰⁾	21.88	10 129	3 851
Brocken Verwaltungs- und Vermietungs-GmbH & Co. KG, Wernigerode ¹⁰⁾	50.00	3 800	394
Bürgschaftsbank Mecklenburg-Vorpommern GmbH, Schwerin ¹⁰⁾	20.89	15 956	162
Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg ¹⁰⁾	20.44	14 856	74
Immobilien Development und Beteiligungsgesellschaft Niedersachsen mit beschränkter Haftung IDB & Co. - Objekt Zietenterrassen - KG, Göttingen ^{6) 10)}	52.56	6 695	- 130
INI International Neuroscience Institute Hannover GmbH, Hannover ^{9) 10)}	22.70	- 13 510	1 662
LUNI Productions GmbH & Co. KG, Pöcking ^{9) 10)}	24.29	- 115 719	- 86
Medical Park Hannover GmbH, Hannover ¹⁰⁾	50.00	2 999	265
Medicis Nexus GmbH & Co. KG, Icking ^{7) 11)}	66.01	8 310	13
Mittelständische Beteiligungsgesellschaft Mecklenburg-Vorpommern mbH, Schwerin ¹⁰⁾	26.00	12 606	730
Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mit beschränkter Haftung, Hannover ¹⁰⁾	39.82	11 476	565
NBV Beteiligungs-GmbH, Hannover ¹⁰⁾	42.66	15 071	1 312
Öffentliche Versicherung Bremen, Bremen ¹⁰⁾	20.00	5 050	-
Unterstützungseinrichtung der Bremer Landesbank Kreditanstalt Oldenburg GmbH, Bremen ¹³⁾	100.00	28 926	2 786
Wohnungsbaugesellschaft Wesermarsch mit beschränkter Haftung, Brake ¹⁰⁾	21.72	19 207	240

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	
BGG Bremen GmbH & Co. KG, Bremen	100.00
BLBI Beteiligungs-GmbH, Bremen	100.00
Braunschweig Grundstücksentwicklungsgesellschaft mbH, Braunschweig	50.00
Bremische Grundstücks-GmbH & Co. KG Präsident-Kennedy-Platz, Bremen	100.00
Bremische Grundstücks-GmbH & Co. Wohnanlagen Groß-Bonn, Bremen	100.00
City Center Magdeburg Hasselbach-Passage Grundstücksgesellschaft mbH, Hannover	100.00
FL FINANZ-LEASING GmbH, Wiesbaden	58.00
Galimondo S.a.r.l., Luxemburg-Findel, Luxemburg	100.00
General Partner N666DN GP, LLC, Wilmington (Delaware) / USA	100.00
NBN Grundstücks- und Verwaltungs-GmbH, Hannover	100.00
New Owner Participant - N666DN OP, L.P., Wilmington (Delaware) / USA	100.00
NORD/Advisors Norddeutsche Financial & Strategic Advisors GmbH, Hannover	100.00
NORD/LB G-MTN S.A., Luxemburg-Findel / Luxemburg	100.00
NORD/LB Informationstechnologie GmbH, Hannover ²⁾	100.00
NORD/LB Project Holding Ltd., London / Großbritannien	100.00
N666DN LP LLC, Wilmington (Delaware) / USA	100.00
PLM Grundstücksverwaltung Gesellschaft mit beschränkter Haftung, Hannover	100.00
Ricklinger Kreisel Beteiligungs GmbH, Hannover	100.00
Schiffsbetriebs-Gesellschaft Bremen mbH i.L., Bremen	100.00
SGK Servicegesellschaft Kreditmanagement mbH, Frankfurt am Main	100.00
Themis 1 Inc., Wilmington (Delaware) / USA	100.00
Vermögensverwaltungsgesellschaft Thiede GmbH u. Co. Grundschulen-Vermietungs-KG, Hannover	100.00
Vermögensverwaltungsgesellschaft Thiede GmbH & Co. Objekt Celle-Altenhagen Vermietungs-KG, Hannover ^{9) 10)}	72.70
Vermögensverwaltungsgesellschaft Thiede GmbH & Co. Tiefgarage Stade Vermietungs KG, Hannover	90.00

¹⁾ Equity definition in accordance with §§ 272 and 272 of the German Commercial Code less outstanding participations.

²⁾ A profit/loss transfer agreement exists with the company.

³⁾ Established in the financial year.

⁴⁾ Due to the joint management, this company is classified as a joint venture.

⁵⁾ Due to the "potential voting rights" of third parties, this company is classified as an associated company.

⁶⁾ Due to the share in voting rights of 50.00 per cent, this company is not classified as a subsidiary.

⁷⁾ Due to the rebuttal of the definition of control / significant influence, this company is allocated to other investments.

⁸⁾ No disclosures concerning equity and earnings are made in accordance with § 313 para. 2 no. 4 clause 3 of the German Commercial Code.

⁹⁾ The company is not actually overindebted.

¹⁰⁾ No data is available as at 31 December 2014

¹¹⁾ No data is available as at 31 December 2013

¹²⁾ Due to the structure under company law, this company is classified as an associated company.

¹³⁾ Due to IFRS 10 company does not have to be consolidated.

Memberships of Associations and Interest Groups

Members of NORD/LB's Managing Board held elected positions in the following organisations in the reporting period:

Organisation	Elected representative	Position
Bundesverband Öffentlicher Banken Deutschlands (VÖB)	Dr. Gunter Dunkel	President Member of the Managing Board
Bundesverband Öffentlicher Banken Deutschlands (VÖB)	Dr. Hinrich Holm	Member of Committee for Capital Markets
Bundesverband Öffentlicher Banken Deutschlands (VÖB)	Eckhard Forst	Member of the Committee for International Business
Bundesverband Öffentlicher Banken Deutschlands (VÖB)	Thomas Bürkle	Member of the Committee for Risk Management and Accounting
Deutscher Sparkassen- und Giroverband (DSGV)	Dr. Gunter Dunkel	Deputy Member of the Presiding Committee Member of the Managing Board Giro Centre Heads Conference (Deputy Chairman)
Deutscher Sparkassen- und Giroverband (DSGV)	Ulrike Brouzi	Member of the Business Management Committee; Member of the Card, Electronic and Mobile Payment Control Team
Deutscher Sparkassen- und Giroverband (DSGV)	Christoph Schulz	Committee for das Private Customer Business Member of the Central Advertising Committee Sparkassenstiftung für internationale Kooperation (Savings Banks Foundation for International Cooperation)
Deutscher Sparkassen- und Giroverband (DSGV)	Thomas Bürkle	DSGV – Monitoring Committee for the Security Reserve for Landesbanks and Giro Centres
Hannover Centre of Finance (HCF)	Dr. Hinrich Holm	Deputy Chairman of the Advisory Board
Institut der Norddeutschen Wirtschaft (INW, Institute for North German Business)	Dr. Gunter Dunkel	Member of the Advisory Board

International Chamber of Commerce (ICC), German Group	Eckhard Forst	Member of the Main Committee
Niedersächsische Sparkassenstiftung (Lower Saxony Savings Banks Foundation)	Christoph Schulz Dr. Dunkel	Member of the Foundation Board Member of the Managing Board
Niedersächsisches Institut für Wirtschaftsforschung (NIW, Lower Saxony Institute for Economic Research)	Dr. Gunter Dunkel	Member of the Advisory Board
Sparkassenstiftung für internationale Kooperation (Savings Banks Foundation for International Cooperation)	Christoph Schulz	Member of the Advisory Board
Sparkassenverband Niedersachsen (SVN, Association of the Savings Banks of Lower Saxony)	Dr. Gunter Dunkel	Member of the Managing Board
Stifterverband für die Deutsche Wissenschaft (Donors Association for German Science)	Dr. Gunter Dunkel	Member of the Advisory Board for Lower Saxony
Stiftung Niedersachsen (Foundation of Lower Saxony)	Dr. Gunter Dunkel	Vice President
Braunschweigische Stiftung (Braunschweig Foundation)	Dr. Gunter Dunkel Christoph Schulz	Chairman of the Advisory Board Deputy Chairman of the Managing Board

GRI Index and Communication on Progress of the UN Global Compact

UN Glob- al Com- pact	Indicator	Content	Page
	Category: General standard disclosures		
1-10	1	Message from the Chairman of the Managing Board	4
	2	Not specified	
	3	Legal form	20
	4	NORD/LB's business segments; segment report	16, 86
	5	Organisational structure	18
	6	NORD/LB's Business segments	19
	7	Legal form	22
	8	NORD/LB's business segments; segment report	19, 89
	9	Selected financial data for the NORD/LB Group as at 31 December; NORD/LB's business segments	19, 19
	10	Employment	48
	11	Remuneration	57
	12	Value chain	5
	13	Significant changes during the reporting period	20
	14	Management of ESG risks	31
	15	The ten principles of the UN Global Compact	30
	16	Memberships of associations and stakeholders	94
	17	Equity holdings	88
1-10	18	Materiality analysis	8
1-10	19	Materiality analysis	8
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1-10	22	Materiality analysis	8
1-10	23	Materiality analysis	8
1-10	24	Materiality analysis	8
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1-10	26	Materiality analysis	8
1-10	27	Materiality analysis	8
	28	Imprint	104
	29	Imprint	104
	30	Imprint	104
	31	Imprint	104
	32	GRI Index and progress report on the UN Global Compact	93
	33	Declaration concerning the report	5
	34	Executive bodies	23
	35	Not specified	
	36	Sustainability management	44
	37	Materiality analysis	8
	38	Executive bodies	23
	39	Executive bodies	23
	40	Executive bodies	23
	41	Executive bodies	23
	42	Not specified	
	43	Not specified	
	44	Not specified	
	45	Not specified	
	46	Not specified	

	47	Not specified	
	48	Not specified	
	49	Not specified	
	50	Not specified	
1-6	51	Remuneration	57
1-6	52	Remuneration	57
	53	Not specified	
	54	Not specified	
	55	Not specified	
1-10	56	Mission statement; ESG guidelines	31, 33
1-10	57	ESG guidelines	31
1-10	58	ESG guidelines	31
Category: Economic viability			
	EC1	NORD/LB's business segments; donations and other support contributions; income statement as at 31 December 2015; balance sheet data as at 31 December 2015	19, 74, 86, 87
7-9	EC2	Renewable energies	64
1-6	EC3	Remuneration	57
	EC4	Legal form	22
1-6	EC5	Remuneration	57
1-6	EC6	Recruitment	53
7-9	EC7	Renewable energies	64
7-9	EC8	Renewable energies	64
1-10	EC9	Supplier management	80
Category: Environmental			
7-9	EN1	Material consumption	77
7-9	EN2	Material consumption	77
7-9	EN3	Energy and emissions	75
7-9	EN4	Energy and emissions	75
7-9	EN5	Energy and emissions	75
7-9	EN6	Financing and funding programmes	65
7-9	EN7	Energy and emissions	75
7-9	EN8	Material consumption	77
7-9	EN9	Material consumption	77
	EN10	In NORD/LB there is no economically-viable possibility to reuse service water.	
	EN11	Not relevant for NORD/LB's buildings	
	EN12	Not specified	
	EN13	Not relevant for NORD/LB's buildings	
	EN14	Not relevant for NORD/LB's buildings	
7-9	EN15	Energy and emissions	75
7-9	EN16	Energy and emissions	75
7-9	EN17	Energy and emissions	75
7-9	EN18	Energy and emissions	75
7-9	EN19	Energy and emissions	75
7-9	EN20	Energy and emissions	75
7-9	EN21	Energy and emissions	75
7-9	EN22	Waste and waste water	78
7-9	EN23	Waste and waste water	78
	EN24	Not relevant due to NORD/LB's business activities	
	EN25	Not relevant due to NORD/LB's business activities	

	EN26	NORD/LB's waste water is treated via municipal waste water systems in purification plants.	
7-9	EN27	Financing and funding programmes	65
	EN28	Not relevant due to NORD/LB's business activities	
	EN29	NORD/LB has not been notified of any fines or non-monetary sanctions for the year under review due to noncompliance with environmental laws and regulations.	
7-9	EN30	Transport	79
	EN31	Environmental protection expenditure and investment are currently not recorded in full in the NORD/LB Group.	
1-10	EN32	Supplier management	80
1-10	EN33	Supplier management	80
	EN34	NORD/LB has not been notified of any complaints relating to impact on the environment for the year under review.	
Category: Social			
1-6	LA1	Employment	48
1-6	LA2	Remuneration	57
	LA3	The return-to-work rate and retention rate after parental leave by gender is currently not recorded by NORD/LB.	
1-6	LA4	Employment	46
1-6	LA5	Health and safety	58
1-6	LA6	Health and safety	58
1-6	LA7	Health and safety, corporate health management	58
1-6	LA8	Health and safety, corporate health management	58
1-6	LA9	Apprenticeships, Training	53, 54
1-6	LA10	Apprenticeships, Training	53 Fehler! Textmarke nicht definiert., 52
1-6	LA11	Apprenticeships	3
1-6	LA12	Diversity and equal opportunity	51
1-6	LA13	Remuneration	57
1-10	LA14	Supplier management	80
1-10	LA15	Supplier management	80
1-10	LA16	NORD/LB has not been notified of any complaints relating to labour practices for the year under review.	
Category: Human rights			
1-10	HR1	The ten principles of the UN Global Compact; supplier management	30, 83
1-10	HR2	Compliance	41
1-10	HR3	Diversity and equal opportunity	51
1-10	HR4	The ten principles of the UN Global Compact; supplier management	30, 83
1-10	HR5	The ten principles of the UN Global Compact; supplier management	30, 83
1-10	HR6	The ten principles of the UN Global Compact; supplier management	30, 83
1-10	HR7	Supplier management	80
1-10	HR8	NORD/LB has not been notified of any incidents in	

		which the rights of the indigenous population have been violated for the year under review.	
	HR9	Not specified	
1-10	HR10	Supplier management	80
1-10	HR11	Supplier management	80
1-10	HR12	NORD/LB has not been notified of any complaints relating to impact on human rights for the year under review.	
Category: Society			
	SO1	Regional economic analyses	74
	SO2	NORD/LB is not aware of any activities which might have a negative impact on local communities as a result of its activity as a financial services provider.	
1-10	SO3	ESG guidelines	31
1-6, 10	SO4	Compliance	41
1-10	SO5	ESG guidelines	31
1-10	SO6	Politics	76
	SO7	NORD/LB has not been notified of any legal action due anti-competitive behaviour, anti-trust and monopoly practices.	
	SO8	NORD/LB has not been notified of any legal action due anti-competitive behaviour, anti-trust and monopoly practices.	
1-10	SO9	Supplier management	80
1-10	SO10	Supplier management	80
	SO11	NORD/LB has not been notified of any complaints relating to impact on human rights for the year under review.	
Category: Product responsibility			
	PR1	Not relevant due to NORD/LB's business activities.	
	PR2	Not relevant due to NORD/LB's business activities.	
	PR3	Legal framework	60
	PR4	NORD/LB has not been notified of any incidents of noncompliance with regulations or voluntary codes relating to information concerning the labelling of product(s) and services for the year under review.	
	PR5	Customer satisfaction	60
1-6	PR6	Legal framework	60
	PR7	NORD/LB has not been notified of any incidents of noncompliance with regulations or voluntary codes relating to marketing communications including advertising, promotion and sponsorship for the year under review.	
1-6	PR8	Data protection	62
		NORD/LB has not been notified of any complaints relating to impact on human rights for the year under review.	
Category: Department-specific indicators			
1-10	FS1	ESG guidelines	31
1-10	FS2	Management of ESG risks	31

1-10	FS3	Management of ESG risks	31
1-10	FS4	Compliance	41
1-6	FS5	Materiality analysis	8
	FS6	Segment report	86
8-9	FS7	Financing and funding programmes	65
8-9	FS8	Financing and funding programmes	65
1-10	FS9	Management of ESG risks	31
8-9	FS10	Private and commercial customers; corporate customers; structured finance customers	62, 63, 64
8-9	FS11	Financing and funding programmes	65
	FS12	Not specified	
	FS13	Initiatives	70
	FS14	Initiatives	70
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Note for the Glossary: The German sustainability report comprises a glossary which explains English words that can't be translated into German language easily. Therefore no glossary ceased is integrated in the English version.

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Imprint

Reporting period:	Financial year 2015 (1 January until 31 December)
Publishing date of the last report:	July 2015
Reporting cycle:	Annual sustainability report, since 2013 as a separate report.
Contact person for questions and remarks concerning this report:	Carsten Halbe NORD/LB Norddeutsche Landesbank Girozentrale Investor Relations Friedrichswall 10 30159 Hannover Phone: 0511 361-4318 E-Mail: carsten.halbe@nordlb.de

Final Notes

¹ NORD/LB's other affiliated companies are listed in the Annual Report 2015 on pages 263 ff.

² Further details can be found in the facts and figures section as well as in the earnings, financial and asset position section reported on pages 84 to 88 of the Group Annual Report.

³ Active and other staff does not include student trainees and inactive work contracts as at 31 December.

⁴ The fluctuation rates take into account socially-acceptable early retirement/retirement and special early retirement

⁵ For the first time in 2015, attendance seminar days included banking-related training measures such as web-based training courses, long-term training programmes, on-the-job training and mentoring in the NORD/LB Group's range of training programmes.

⁶ The Remuneration Report as at 31 December 2015 is expected to be published in September 2016 and will then be available at www.nordlb.de.

⁷ Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB): GreenTech "Made in Germany 3.0" 2012

NORD/LB

Norddeutsche Landesbank Girozentrale
Friedrichswall 10
30159 Hannover

Phone: +49 (0) 511/361-0
Fax: +49 (0) 511/361-2502
www.nordlb.com
www.facebook.com/nordlb
www.twitter.com/nord_lb