



Green Covered Bond Allocation Report
Financial Year 2020

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1. Introduction

We are pleased to present our first Green Covered Bond Allocation Report (the Report), for the financial year ended 31st December 2020. NORD/LB CBB published its Green Bond Framework in 2019 followed by the issuance of the worldwide first green covered bond based on legislation - Lettre de Gage énergies renouvelables - in January 2020.

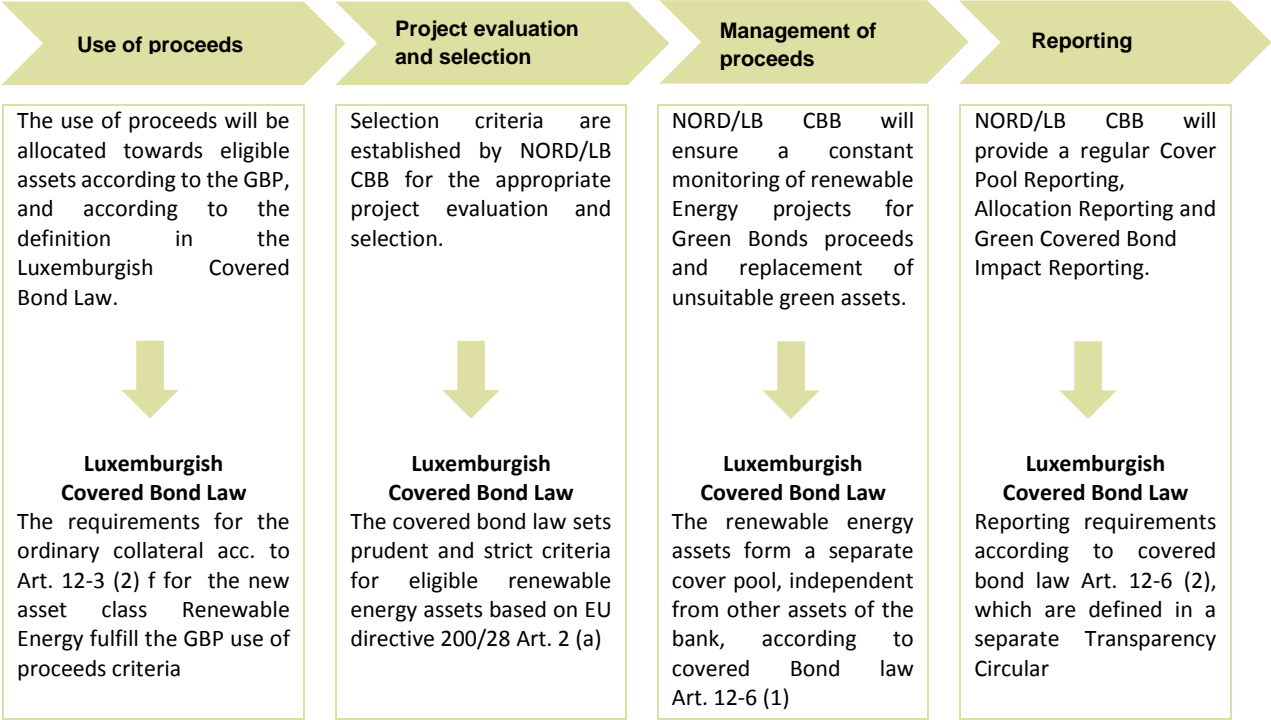
NORD/LB Group – including Norddeutsche Landesbank – Girozentrale – (NORD/LB), NORD/LB Luxembourg S.A. Covered Bond Bank (NORD/LB CBB) and Deutsche Hypothekbank (Deutsche Hypo) - has been a vocal proponent of the UN Global Compact and its principles for many years and strives to implement these principles within its sphere of influence. Upholding these principles represents a key element for NORD/LB of its responsibility towards customers and employees in the capacity of financial service providers, and towards society as a whole in the capacity of a corporate citizen. For NORD/LB and its subsidiaries, it means that, in line with the ten principles relating to human rights, environmental protection and the fight against corruption, that these issues are firmly entrenched within the guidelines and policies of the Banks and, in doing so, enabled them guide them in their day-to-day activities.

The NORD/LB Group has had a sustainability strategy to serve as a strategic foundation since 2013. Therefore NORD/LB Group believes that sustainability is first and foremost a question of attitude: it is a part of the Bank's public mandate to support sustainable development directly and indirectly through 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.

NORD/LB CBB as a competence centre for funding by means of Lettres de Gage publiques and Lettres de Gage Renewable Energy (*Lettres de Gage énergies renouvelables*), intends to make its contribution to achieving the climate targets set by the German Federal Government and contributes to the transition to a more environmentally friendly and sustainable European Economy. NORD/LB CBB is fully committed to supporting the development of the market for sustainable bonds. We believe that issuing green bonds will help provide the necessary resources to fight climate change.

2. Green Covered Bond Approach

NORD/LB CBB’s Green Bond Framework is aligned with the Green Bond Principles as well as with the provisions related to renewable energies of the Luxembourg Financial Sector Act.



NORD/LB CBB’s Green Bond Framework is confirmed by a Second-Party Opinion from Sustainalytics. Additional information can be found on the NORD/LB CBB Green Covered Bond webpage.

In addition, NORD/LB CBB publishes an annual Impact Report that is also available on the NORD/LB CBB Green Covered Bond webpage.

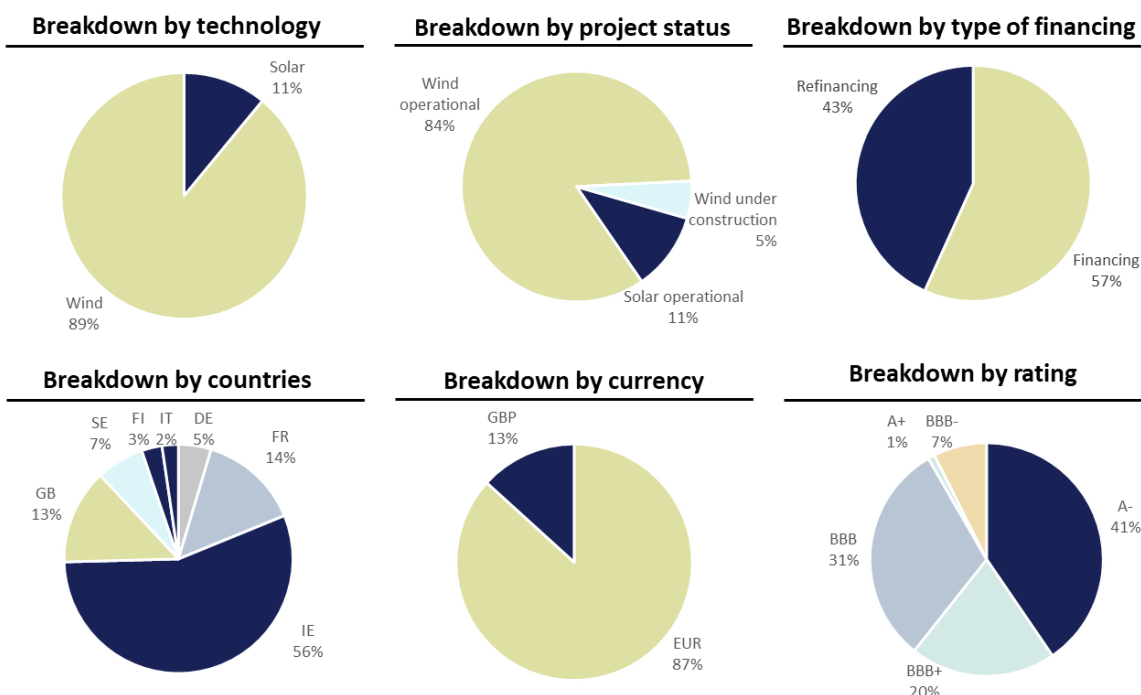
3. Inaugural Green Covered Bond

NORD/LB CBB issued its first green covered bond (Lettres de Gage Renewable Energy) in January 2020.

Lettres de Gage Renewable Energy in brief	
Green Covered Bond volume:	300.0 €m
Issue date:	28 Jan 2020
Maturity date:	28 Jan 2025
Use of proceeds:	Solar- and windprojects (onshore)
Second Party Opinion:	Sustainalytics
ISIN / Coupon / Moody's rating:	XS2079316753 / 0.05% / Aa2

4. Cover pool reporting – renewable energy loans

Cover pool - renewable energy loans as of 31 st December 2020 ^{1, 2, 3}	
Total volume (balance sheet) renewable energy financings:	546.0 €m
Cover pool volume (RE loans only / total including bonds):	355.2 €m / 372.1 €m
Unallocated proceeds:	None, full allocation of the issuance proceeds
Number of projects:	23

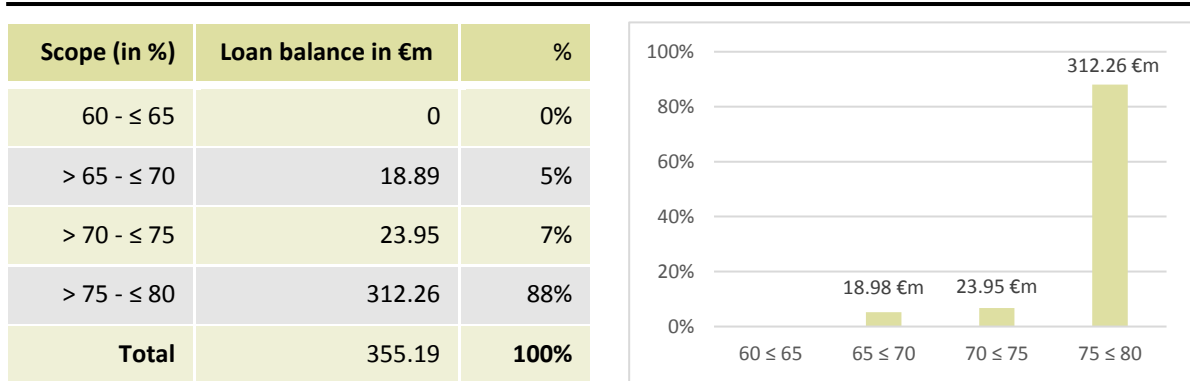


¹ Total differences are rounding differences

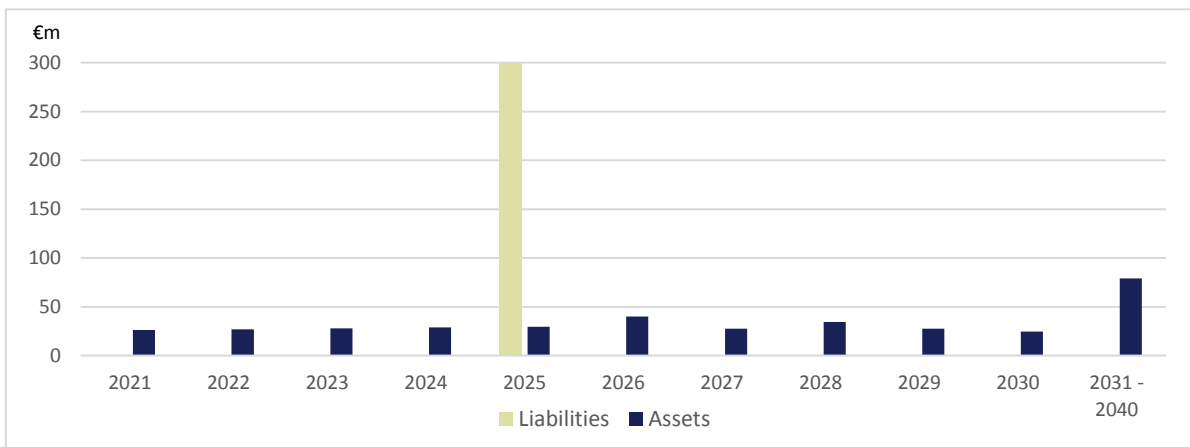
² Internal Ratings based on DSGV Basel III compliant rating tool

³ Financing = financing of new exposure/projects; Refinancing = financing of existing projects

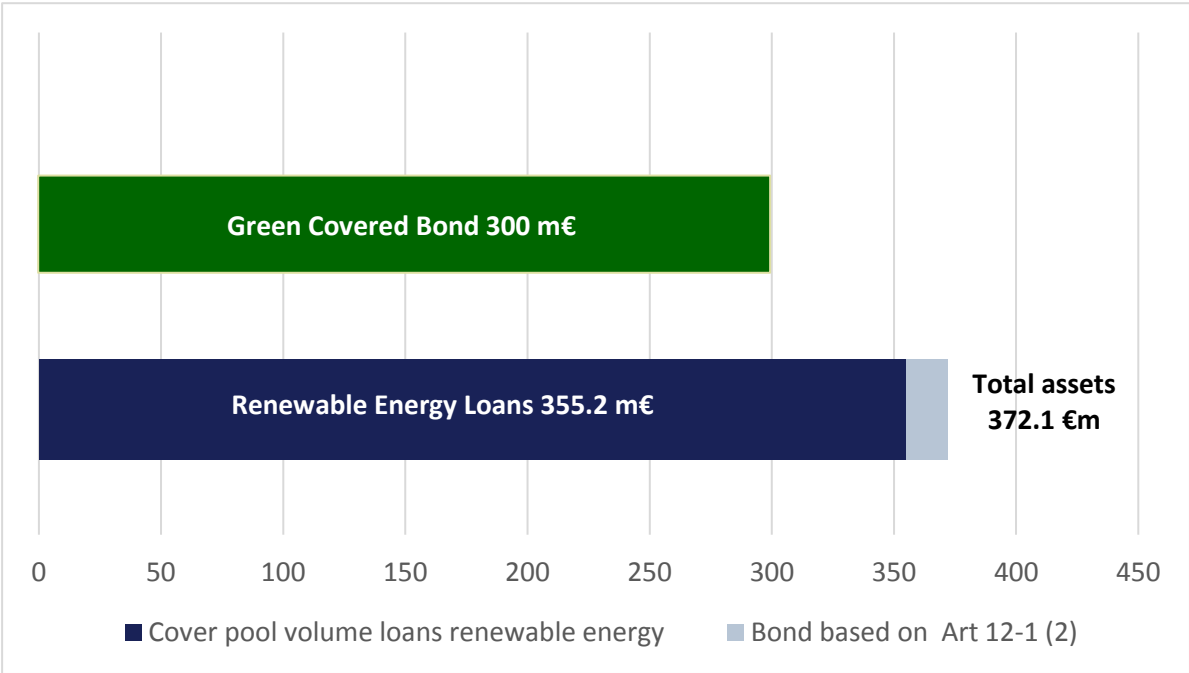
Unindexed Loan to Value (LTV) buckets



ALM structure of the cover pool



5. Green Covered Bond Allocation



All figures as of 31st December 2020. The funds raised from the Green Covered Bond serve exclusively to finance and refinance renewable energies in accordance with the NORD/LB CBB Green Bond Framework. The proceeds from the issue of the first NORD/LB CBB Green Covered Bond have been fully allocated.

6. External Review



NORD/LB CBB

Type of Engagement: Annual Review

Date: January 28, 2021

Engagement Team:

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Introduction

In 2020, NORD/LB Luxembourg S.A. Covered Bond Bank ("NORD/LB CBB") issued green covered bonds aimed at financing wind and solar energy, energy transmission, and energy storage projects. In January 2021, NORD/LB CBB engaged Sustainalytics to review the projects funded through the issued green covered bonds and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the NORD/LB CBB Green Bond Framework.¹

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded in 2020 based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the NORD/LB CBB Green Bond Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the NORD/LB CBB Green Bond Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs while Table 2 lists the associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
Renewable Energy	Financing of the purchase, design, construction, development and/or installation of the generation of renewable energy from the following renewable energy sources: <ul style="list-style-type: none"> - On and offshore wind power - Solar power 	<ul style="list-style-type: none"> • Installed Capacity in MW • Annual Estimated Production of Renewable Energy in kWh • Annual estimated CO₂ avoidance in t as per EUR 1 mn • Total capacity of renewable energy facilitated through connection, transmission, transformation and storage (in MW)
Transmission and Energy Storage	Financing for the connection, transmission, transformation, and storage of renewable energy ²	

Issuing Entity's Responsibility

NORD/LB CBB is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

¹ The NORD/LB CBB Green Bond Framework can be accessed at:

<https://www.nordlbcb.lu/page/docManager/docs/579/NORDLB%20CBB%20Green%20Bond%20Framework%20as%20of%2030%20Sep%202019.pdf>

² Regarding energy storage and transmission equipment: Art. 12-3(2) prescribes that more than 50 per cent of its effective activity is used in connection with renewable energy.



Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of NORD/LB CBB’s Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from NORD/LB CBB employees and review of documentation to confirm the conformance with the NORD/LB CBB Green Bond Framework.

Sustainalytics has relied on the information and the facts presented by NORD/LB CBB with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by NORD/LB CBB.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,³ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of NORD/LB CBB’s Green Covered Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the NORD/LB CBB Green Bond Framework. NORD/LB CBB has disclosed to Sustainalytics that the proceeds of the green covered bond were fully allocated as of 31st December, 2020.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the 18 wind and 5 solar energy projects funded by the green covered bond in 2020 to determine if projects aligned with the Use of Proceeds Criteria outlined in the NORD/LB CBB Green Bond Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the 18 wind and 5 solar energy projects funded by the green covered bond in 2020 to determine if impact of projects was reported in line with the KPIs outlined in the NORD/LB CBB Green Bond Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 2.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

³ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendices

Appendix 1: Allocation Reporting by Eligibility Criteria

Allocation Reporting by Eligibility Criteria	Onshore Wind	Solar	Total
Total volume of assigned assets/loans (EUR in mn)	487	59	546
Share of NORD/LB CBB allocated to green covered bond (EUR in mn)	316	39	355

Appendix 2: Impact Reporting by Eligibility Criteria

Environmental Impact Reported by Eligibility Criteria	Onshore Wind	Solar	Total
Total installed capacity (in MW)	624	50	674
Total annual estimated production of Renewable Energy in 2020 (in mn kWh)	1,841	53	1,895
Annual estimated CO ₂ avoidance in t as per EUR 1 mn loan in cover	459	61	416

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5th Green Bond Pioneer Awards

Climate Bonds Initiative

Largest Verifier for Certified Climate Bonds of 2019

awarded to Sustainalytics



More information conference.climatebonds.net/awards



GlobalCapital SRI Awards

Named

2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider



The Green Bond Principles

7. Appendix

The Luxembourg Financial Sector Act¹ is the basis for the business model of NORD/LB CBB. Since 22 June 2018, the asset class renewable energies (Art. 12-3 (2) f) has been part of the defined cover pool for the "Lettres de Gage" debt instruments issued by a Covered Bond bank.

The definition of the asset class renewable energies in Luxembourg law is based on EU Directive 2009/28 Art. 2 (a) and includes:

- **Energy produced from non-fossil, renewable energy sources**, i.e. wind, solar, aerothermal, geothermal and hydrothermal energy, ocean energy, hydropower, biomass, landfill gas, sewage gas and biogas, and energy from similar energy sources
- **Generation,**
- **Storage and**
- **Transmission** (including electricity storage facilities, transformers and electrical wiring) (whether under construction or completed) of energy from renewable sources, provided that
 - such equipment is used exclusively in connection with renewable energies, and
 - the storage and transmission equipment is used for storage and transmission related to renewable energy for more than 50 per cent of its actual use.

Art.	article
acc.	according
CO ₂	carbon dioxide
CSSF	Commission de Surveillance du Secteur Financier
EEA	European Economic Area
EU	European Union
ESG	Environmental, Social and Governance
LTV	loan-to-value
max.	maximum
MW, MWh	megawatt, megawatt hour
NGO	non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
SDG	Sustainable Development Goal

¹ Source: http://www.cssf.lu/fileadmin/files/Lois_reglements/Legislation/Lois/L_050493_lsf_upd160719.pdf

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The financial instrument is only described in short form. The relevant terms and conditions of the issue or sale of securities may be obtained from the basic prospectus and from the final term sheet or complete sale prospectus. Both, the final terms and the prospectus are published on NORD/LB CBB's website www.nordlb.lu.

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