

## NORD/LB Inaugural Green Senior Preferred Bond

June/July 2023

## Management summary.

- Operating income increased by 21 per cent
- Common Equity Tier 1 capital ratio (CET1) stable at 15.0 per cent
- NPL ratio of 0.7 per cent reflects high quality of the loan portfolio
- €2.0 billion outstanding Green Pfandbrief Benchmarks
- More than €380 million private placements green senior preferred and green deposits issued
- Sustainable growth in Renewable Energy Finance expected due to energy transition
- NORD/LB returns to Capital Markets with Inaugural Green Senior Preferred Benchmark

# Agenda.

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All indicators showing NORDLB “on track”<sup>1</sup>.

NORD/LB achieves **earnings before taxes**  
**€-8 million** (31 March 2022: €-99 million)

**Operating income**  
in the core business segments  
**21 per cent increase**

We are maintaining our **prudent growth course**

**Net commission income**  
**28 per cent increase**

**Risks further reduced**  
(release of €31 million)

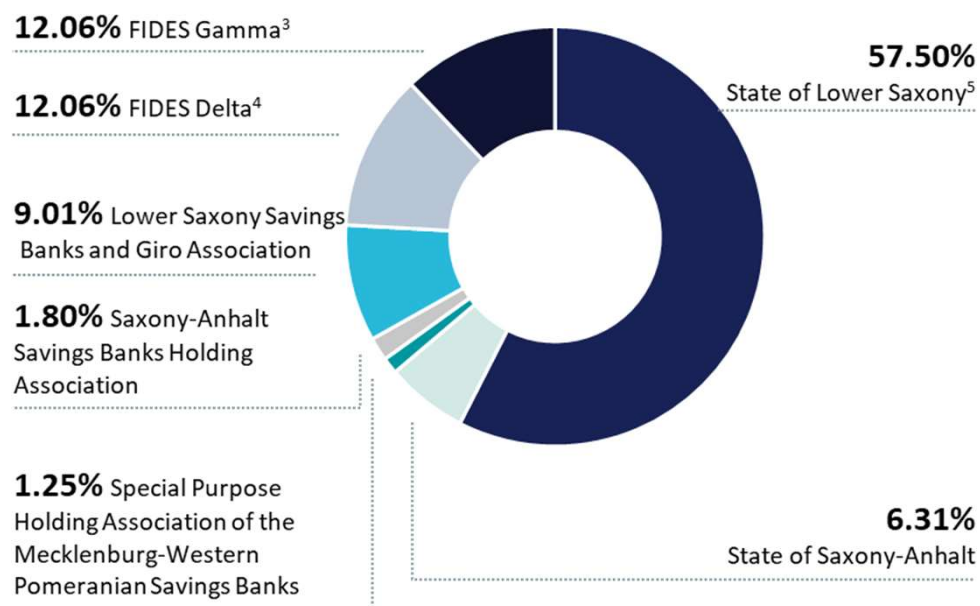
Result significantly influenced by  
**bank levy (€-63 million)**

**Comprehensive income for the period nearly**  
**unchanged** €59 million (31 March 2022: €62 million)

<sup>1</sup> Previous year's figures adjusted

# Ownership structure and ratings.

## Ownership structure<sup>1,2</sup>



1 Slight deviations may occur due to rounding

2 Status: 31 December 2022

3 Fides Gamma: trustee company of the DSGV/savings banks

4 Fides Delta: trustee company of the DSGV/Landesbanken

5 Divided into: State of Lower Saxony 1.71 per cent, Niedersachsen Invest GmbH (NIG) 40.67 per cent and Hannoversche Beteiligungsgesellschaft Niedersachsen mbH (HanBG) 15.12 per cent

## NORD/LB Ratings

Moody's FitchRatings DBRS

Issuer rating (long term <sup>6</sup> /short term <sup>7</sup> )	A3 <sup>9</sup> /P-2	A- <sup>9</sup> /F1	A (high) <sup>9</sup> /R-1 (middle) <sup>9</sup>
Deposits (long term/short term)	A3 <sup>9</sup> /P-2	A/F1	A (high) <sup>9</sup> /R-1 (middle) <sup>9</sup>
Senior unsecured liabilities (preferred)	A3	A	A (high) <sup>9</sup>
Senior unsecured non-preferred debt	Baa2	A-	A <sup>9</sup>
Subordinated capital/Tier 2	Ba2	B+	A (low) <sup>9</sup>
Intrinsic financial strength <sup>8</sup>	ba1	bb	BBB (low)

## NORD/LB Sustainability Ratings

MSCI <sup>10</sup> SUSTAINALYTICS <sup>11</sup> ISS ESG <sup>12</sup>

Corporate rating	BBB	30.5 (high)	C (Prime)
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6 Long-term Issuer Rating / Long-term Issuer Default Rating (IDR) / Long-term Issuer Rating

7 Commercial Paper/ Short-Term Issuer Default Rating / Short-Term Issuer Rating

8 Adjusted Baseline Credit Assessment / Viability Rating / Intrinsic Assessment

9 Moody's: positive Outlook, Fitch, DBRS: stable Outlook

10 December 2022, details on page 49

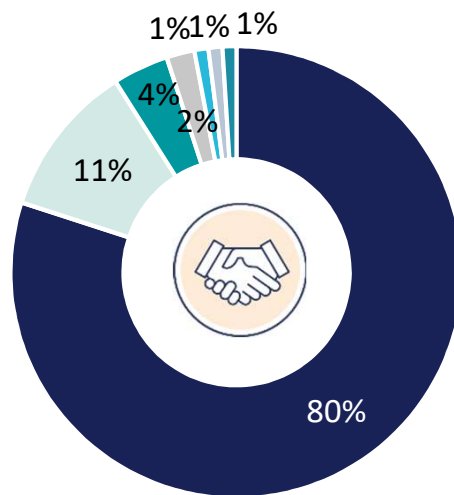
11 November 2022

12 March 2023

## NORD/LB exposure by ratings and regions.

### Exposure by rating<sup>1</sup>

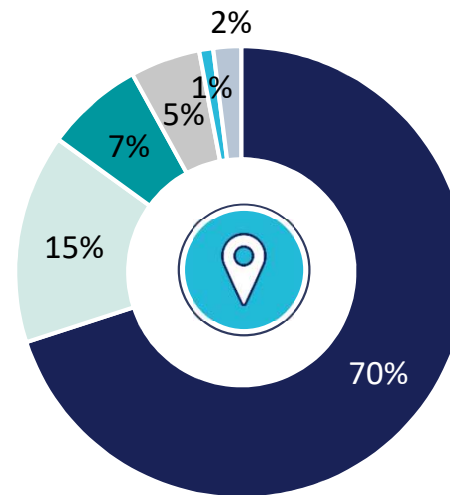
as at 31 Dec 2022  
€117.1bn



- Very good to good
- Good / satisfactory
- Reasonable / satisfactory
- Increased risk
- High risk
- Very high risk
- Default (NPL)

### Exposure by region<sup>1</sup>

as at 31 Dec 2022  
€117.1bn

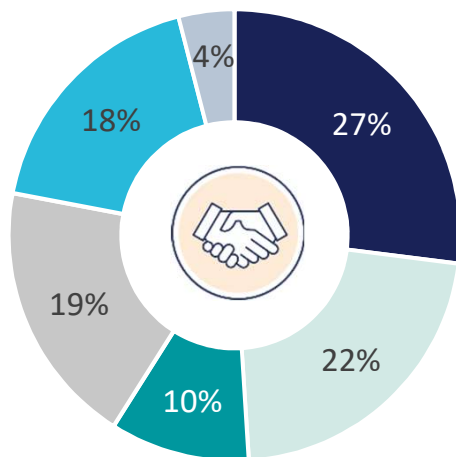


- Germany
- Euro countries (without Germany)
- Other Europe
- North America
- Middle and South America, Middle East/Africa
- Asia/Australia

<sup>1</sup> The classification is based on the standard IFD rating scale, which has been agreed by the Banks, savings banks and associations that belong to the "Initiative Finanzstandort Deutschland" (Initiative for Germany as a Financial Centre).

## Segments at a glance.

### Assets by segments<sup>1,2</sup>



- Private and Commercial Customers and Savings Bank Network
- Corporate Customers
- Markets
- Special Finance
- Real Estate Banking Customers
- SCPO (Special Credit and Portfolio Optimization)

as at 31 March 2023  
€87.6bn

	Exposure	Risk provisions	Income
Private/Commercial Customers and Savings Bank Network	€26.1bn	€7m	€102m
Corporate Customers	€23.6bn	€-34m	€97m
Markets	-	€0m	€51m
Special Finance	€19.0bn	€28m	€62m
Real Estate Banking Customers	€15.4bn	€-7m	€55m
SCPO (Special Credit and Portfolio Optimization)	€3.8bn	€33m	€-15m

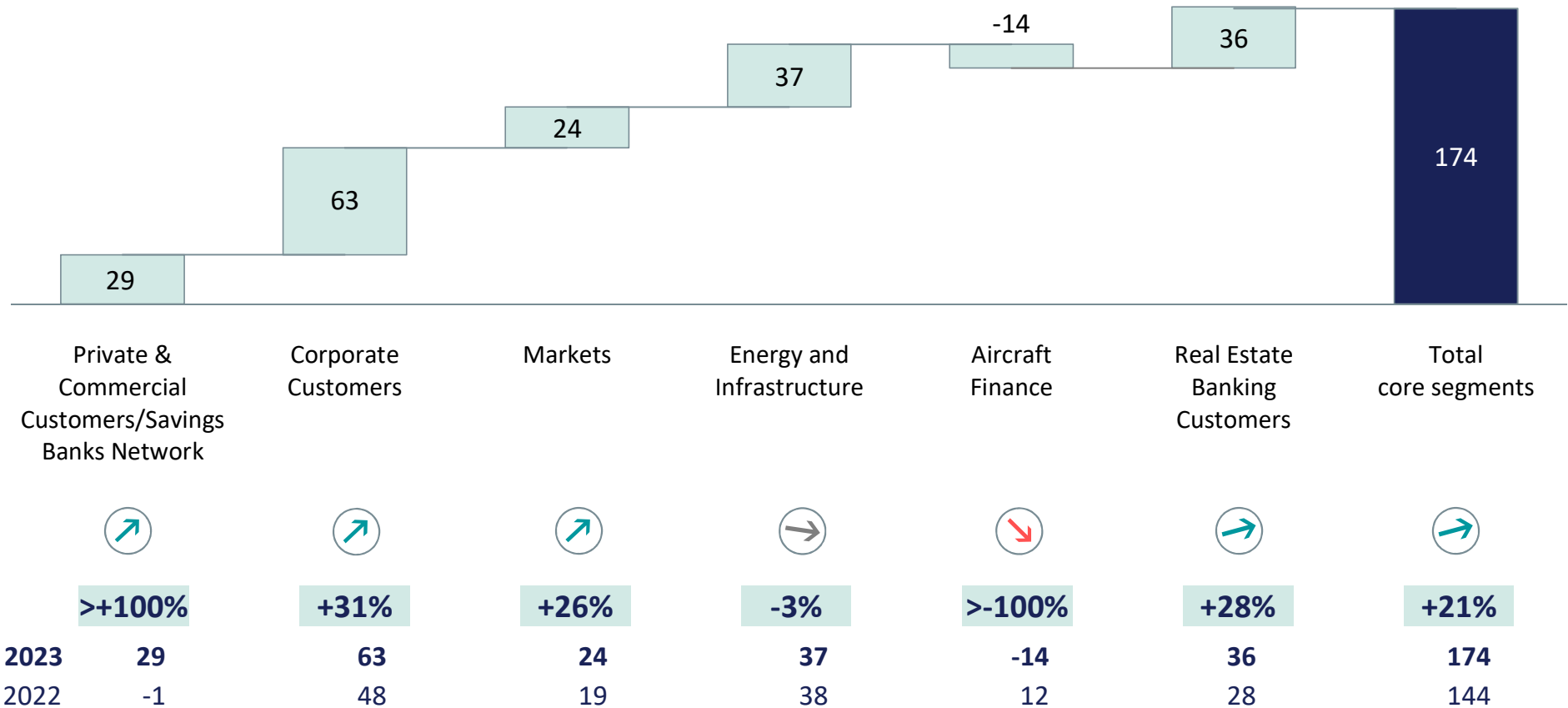
1 Slight deviations may occur due to rounding

2 Excluding treasury/consolidation/other and reconciliation (with these items the segment assets amount to €110.0bn)

## Basically good result growth in core segments.

### Operating segment results<sup>1,2</sup>

[in €m]



1 Result before risk provisioning, restructuring, reorganisation and taxes

2 Slight deviations may occur due to rounding




## Significant improvement in earnings - bank levy burdens<sup>1</sup>.



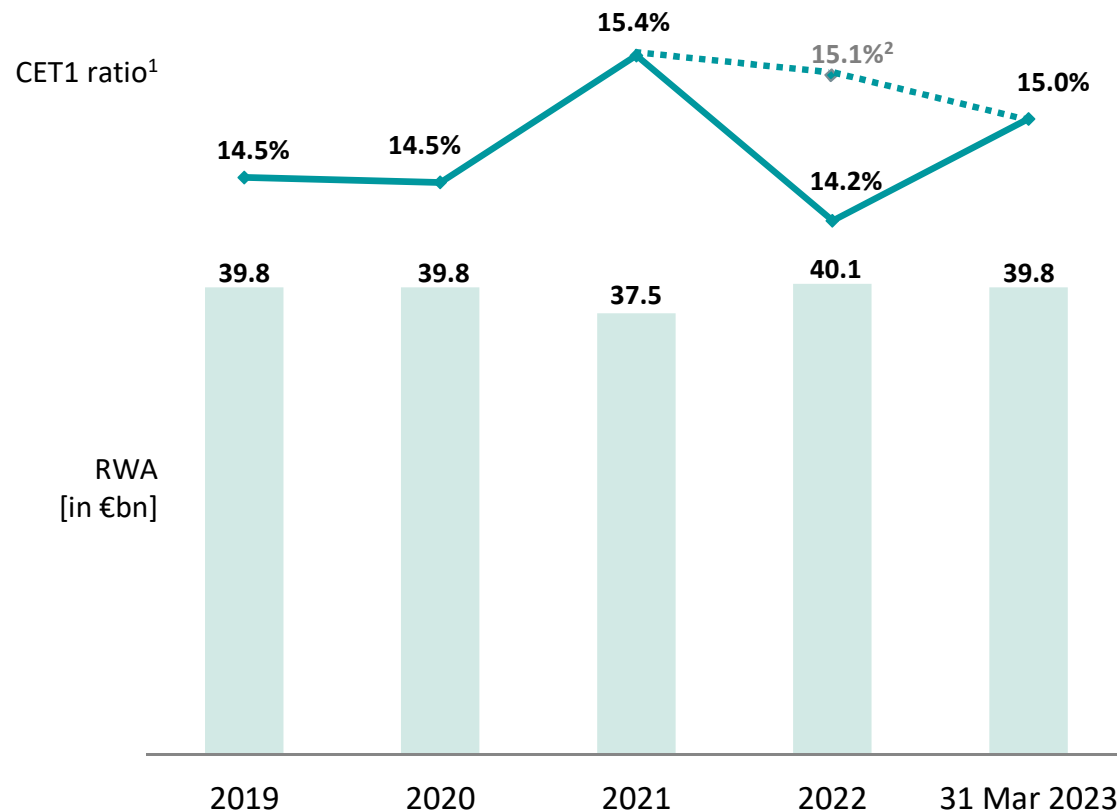
- **Net interest and commission income increased** by €3 million to €275 million. The largest driver is the decline in commission expenses, resulting in particular from lower fees for the guarantees of the State of Lower Saxony of €-8 million (€-14 million)
- In the **core business areas, income rose** by 11 per cent, the operating results even increased by 21 per cent
- **Disposal profit/loss from financial instruments not measured at fair value** with €-35 million above the previous year's level (€-61 million). This is primarily due to increased sales margins as well as valuation effects in connection with the guarantees of the State of Lower Saxony amounting to €-44 million (€6 million)
- **Risk result positive due to €31 million net release** in corporate and real estate banking customers
- **Administrative expenses continue to decline** as planned (-3 per cent)
- **Earnings before taxes improved** by more than €90 million
- **Group result after taxes slightly negative** at €-15 million, mainly due to the bank levy (€-63 million) and provisions for the deposit guarantee fund (€-4 million)
- **Total comprehensive income for the period** €59 million (€62 million as at 31 March 2022)
- **Common Equity Tier 1 capital ratio** (CET1) stable at 15.0 per cent, way above the regulatory requirement (8.7 per cent)
- Low **NPL ratio** reflects high quality of the loan portfolio: 0.7 per cent as of 31 Dec 2022 (0.9 per cent as of 31 Dec 2021)

<sup>1</sup> Previous year's figures adjusted

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## Capital base improved due to positive comprehensive income 2022.



- **Common Equity Tier 1 ratio:** 15.0 per cent (15.5 per cent<sup>3</sup>) increased again after year-end. This is because of the capitalisation of the 2022 positive overall result. Small RWA decline vs. 2021
- **Total capital ratio<sup>1</sup>:** 18.3 per cent (19.8 per cent<sup>2</sup>). Own funds increased slightly
- **SREP requirements :** 8.7 per cent

1 Previous year's figures adjusted

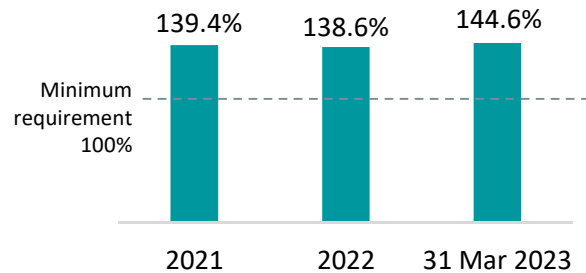
2 Subsequent ratio including the comprehensive income 2022

3 as of 31 March 2022

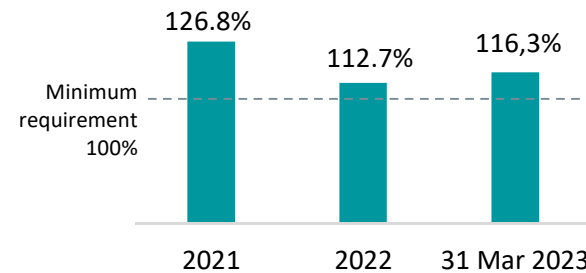
## Strong liquidity position.

Focus on stable and constant development of relevant KPIs

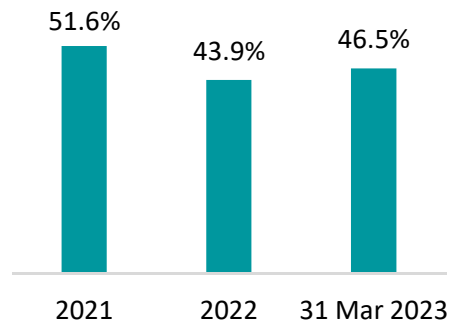
### Liquidity Coverage Ratio (LCR)



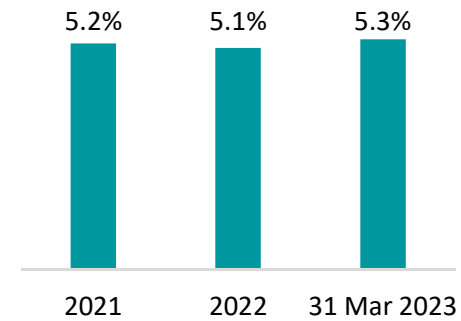
### Net Stable Funding Ratio (NSFR)



### MREL ratio



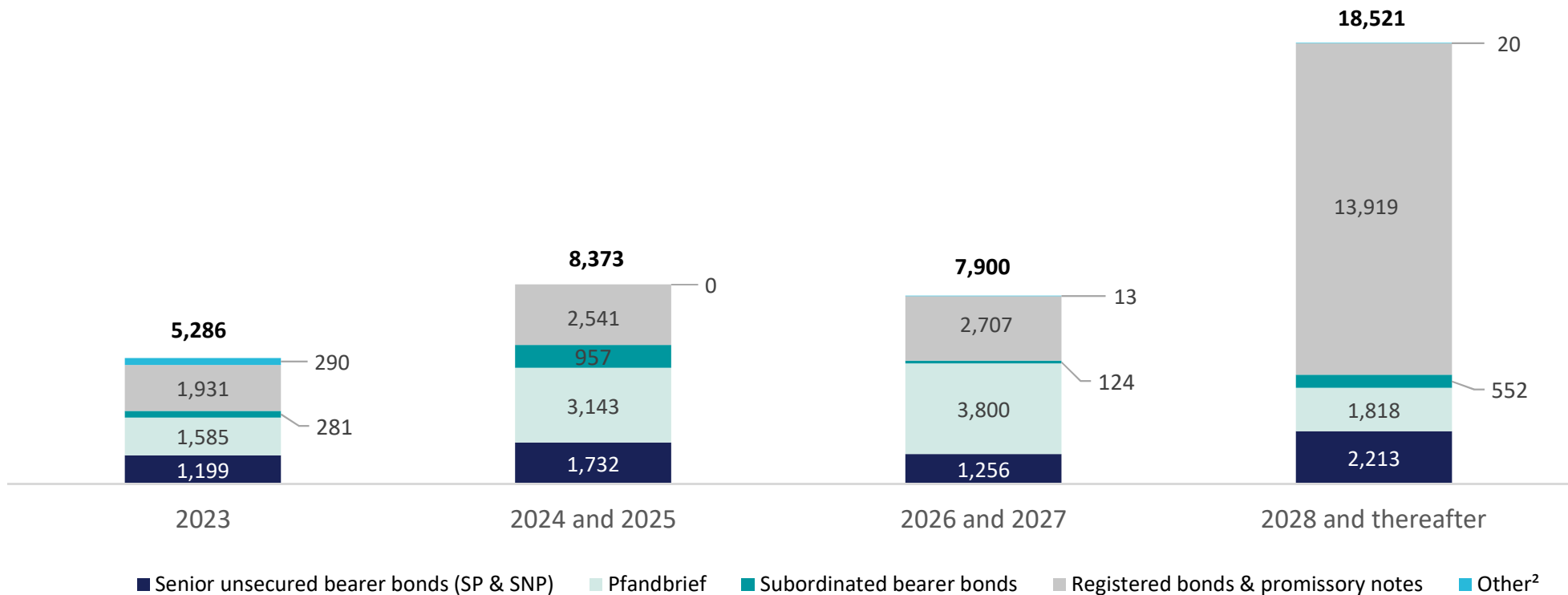
### Leverage ratio



# Maturity Profile outstanding NORD/LB issuances<sup>1</sup>.

## Liquidity maturity statement

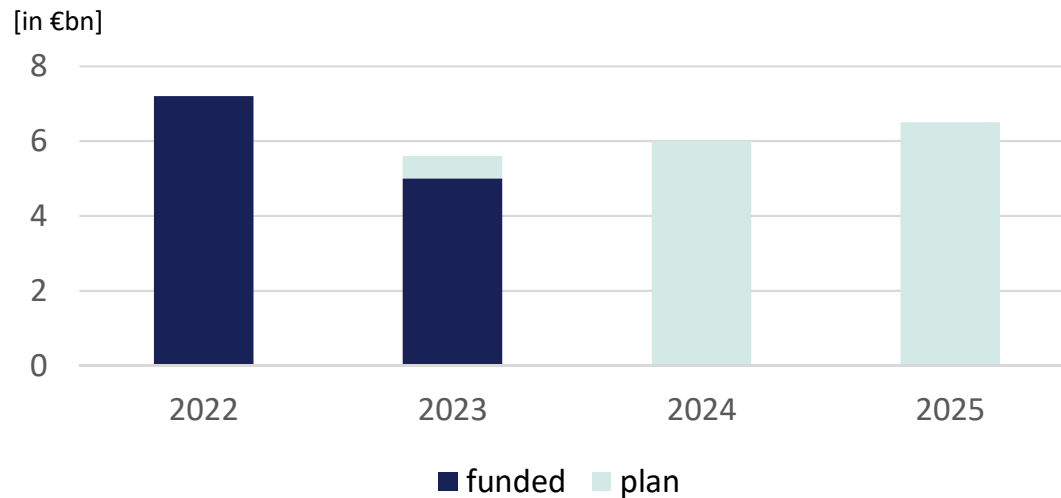
[in €m]



<sup>1</sup> as of 31 December 2022

<sup>2</sup> Foreign currency bonds, commercial papers, certificates

## Funding targets.



- 2022:** Funding target was met by issuances of Pfandbriefe and senior unsecured bonds (preferred/non-preferred) and term deposits totalling €7.2 billion
- 2023:** Funding volume with a total of €5.1 billion at the end of May in line with new business activities
- 2024/2025:** NORD/LB expects a total funding requirement of approx. €6 tp 6.5 billion p.a.

### Successful Benchmark transactions in 2022



### Successful Benchmark transactions in 2023




## Green Funding with increasing significance.

- NORD/LB **expects roughly €1.5 billion of Green funding** with the aim of continually increasing this proportion
- In addition to private placements, regular benchmarks are fundamental basis of funding activities. **Green Bonds play a central role**
- Due to expected activity in real estate financing, up to 2 **Green Pfandbrief Benchmarks** in the years to come
- Business activities in renewable energy sector play an equally important role. Funding plan expects one **green senior benchmark** per year
- Funding plan underlining NORD/LBs ambitions to become a regular and **relevant Green Bond issuer**

### NORD/LB Green Pfandbriefe outstanding

NORD/LB	NORD/LB	NORD/LB	NORD/LB
500,000,000 €	500,000,000 €	500,000,000 €	500,000,000 €
0.125%	0.25%	0.01%	2.25%
Green	Green	Green	Green
Mortgage Pfandbrief	Mortgage Pfandbrief	Mortgage Pfandbrief	Mortgage Pfandbrief
Nov. 2017 – Nov. 2023	Sep. 2018 – Dec. 2024	Sep. 2021 – Sep. 2026	Sep. 2022 – Sep. 2027

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# Sustainability successfully integrated into NORDLB Group's operational business model

Integrating sustainability into our core business is our key lever for securing the **future orientation and competitiveness** of the NORD/LB Group, our customers and our business partners in the long term.



1 Environmental, Social and Governance

2 Global Reporting Initiative (GRI) guidelines, standard version G4

## Sustainable Development Goals (SDG) action plan.

We are currently contributing to the following SDGs :



As part of our SDG analysis, we are currently evaluating our impact on other SDGs. Our process approach includes:

1.

- **Impact analysis:** We analyse which impact categories and issues are in line with our business priorities.
- → Example: **Impact category** agriculture, **topic** sustainable farming

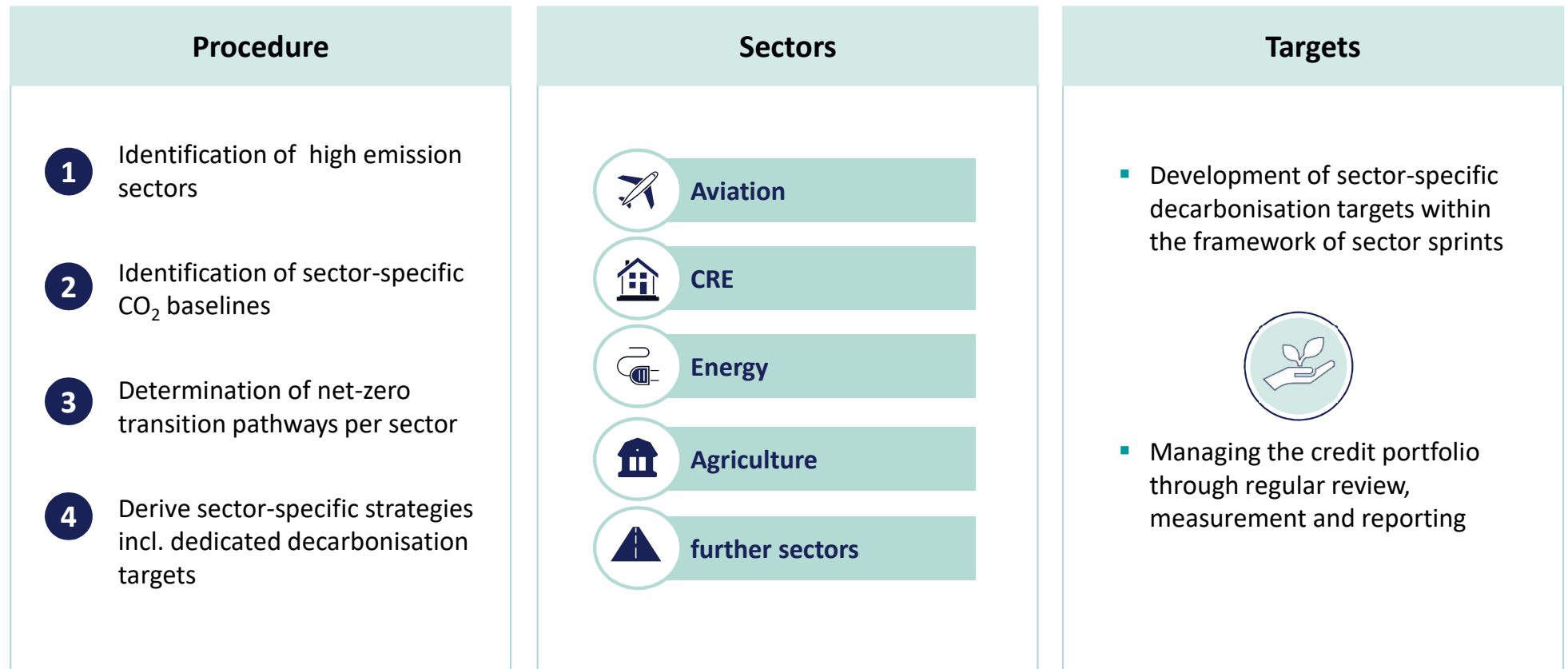
2.

- **Strategic goals:** Building on our impact categories, we select strategic objectives that are appropriate to the chosen approach.
- → Example: **Impact category** agriculture, **strategic goal** Improving human health through agriculture

3.

- **SDG analysis:** The selected **strategic goals** can be used to draw conclusions about the associated SDGs, so that the **metric set** can then be developed.
- → Example: **Metric set** for pesticide use including thresholds and benchmarking

# NORD/LB's way to net zero.



- NORD/LB develops sector-specific decarbonisation paths for its emission-intensive sectors
- With the sector-specific targets derived from this, NORD/LB follows the International Energy Agency's Net Zero 2050 climate pathways and ensures conformity with the 1.5 degree target of the Paris Climate Agreement

## Setting sustainability targets and climate strategy and stress test.

### **The following targets have been set for the end of 2023:**

- Definition of ESG key figures (key performance indicators / KPIs and key risk indicators / KRIs) and creation of a sustainability management reporting as a control instrument
- Development of a climate strategy and its further development into a holistic sustainability strategy
- Preparation of transition pathways, initially for the high-risk sectors
- Fulfilment of regulatory requirements, including in particular the ECB guidelines on climate and environmental risks, the EBA guidelines and disclosure requirements
- (Further) development of the Sustainable Loan Framework and linkage with the requirements from the EU taxonomy
- Identification of ESG data needs and creation of IT transition solutions
- Finalisation of an ESG governance framework and roll-out of the ESG training concept for employees

In 2022 NORD/LB adopted a climate strategy for the first time, which is to be expanded into an ESG strategy in 2023. The climate strategy is based on the structural and content recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and therefore deals with the core elements of governance, strategy, risk management, metrics and targets.

NORD/LB took part in the ECB Climate Stress Test 2022, which was carried out by a total of 104 institutes, whereby only 41 institutes (including NORD/LB) had to determine the complete stress test projections for the various climate scenarios with a forecast horizon of up to 30 years. Quantitatively, the stress scenarios specified by the ECB show acceptable effects on risk provisioning for NORD/LB. Overall, the bank finished this exercise with a total result (so-called global score) that was better than the average of the participating institutes.

In 2022 our focus was essentially on the future reduction of CO<sub>2</sub> emissions in the financing portfolio.

NORD/LB in 2022 has committed itself to the German financial sector's voluntary commitment to climate neutrality and aims to achieve a climate-neutral portfolio well before the required year of 2050.

## NORD/LB's commitment to sustainability.

With its sustainable financing, NORD/LB delivers a **steadily growing contribution to financing the green economy** and takes an active role in the area of social and environmental sustainability. NORD/LB supports in particular customers in energy and agricultural sectors, social and healthcare sectors and in commercial real estate finance.

### Aviation (€2.9bn<sup>1</sup>)

**Founding member** and driving force in the **Impact on Sustainable Aviation Alliance**. Focus on innovations in drive technologies and new aircraft types (e.g. sustainable aviation fuels, electrified aircraft, etc.)

### CRE finance (€15.4bn<sup>1</sup>)

Under our Deutsche Hypo brand, **Commercial Real Estate Finance covers the entire green value chain** - in particular through financing by means of green loans

### Renewable Energy (€10.5bn<sup>1</sup>)

NORD/LB has been a **pioneer in the financing of renewable energies and infrastructure projects** for over 30 years, primarily in the areas of wind energy, photovoltaics and battery storage

### Agricultural Banking (€2.4bn<sup>1</sup>)


**Value creation potential from the field to the socket**. The field of renewable energies enables agricultural entrepreneurs to open up new fields of activity and reduce CO<sub>2</sub> emissions, e.g. by building a biogas plant, a photovoltaic system or new energy-saving technologies

### Infrastructure (€5.5bn<sup>1</sup>)

In terms of **infrastructure projects**, we focus on social infrastructure, transport and digital infrastructure








## Memberships and commitments

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# The enhanced Green Bond Framework.

Green Bond Framework now **includes** the **renewable energy** sector.

Assets	EU Taxonomy	UN SDG Goals
Solar PV (photovoltaic)	4.1. - Electricity generation using solar photovoltaic technology	 
Wind (on- and offshore)	4.3. - Electricity generation from wind power	 
Battery Storage	4.10. - Storage of electricity	 
Green Buildings	7.7. - Acquisition and ownership of buildings	

The updated framework continues to comply with the [Green Bond Principles](#) of the International Capital Markets Association (ICMA)

**Outlook:** NORD/LB aims to continue to develop its framework by including further asset classes in the future

## Alignment of the framework with EU Taxonomy.

With the new framework NORD/LB already follows the five **technical screening criteria/objectives of the EU Taxonomy**. In addition, the aim is to meet the **Minimum Social Safeguards requirements** and not to cause significant harm to any of the other five objectives of the EU taxonomy ("**Do No Significant Harm**").

- In the **renewable energy** sector, both solar and wind projects by definition meet the technical assessment criteria for climate change mitigation described in Annex 1 of the EU Taxonomy. In addition, all construction and operating permits are reviewed by **external assessors/consultants**, who point out any discrepancies in the relevant due diligence reports and work to rectify them as part of the financing.
- In the case of **commercial real estate**, the main type of use of the properties must be attributable to the top 15% of the national building stock in order to be identified as a green building and included in the pool of suitable green assets. **Drees & Sommer** will update this data at regular intervals, which will ensure that only those financings that meet the current criteria are included.

### External assessments

- **ISS ESG** classifies the activities in the Green Bond Framework as
  - **aligned with the Climate Change Mitigation** Criteria
    - except for 7.7 Acquisition and ownership of buildings (for buildings completed after 2020)
  - **aligned with the Do No Significant Harm** Criteria
  - **aligned with the Minimum Social Safeguards** requirements
- The consulting firm **Everoze** in 2022 analysed a sample of 28 renewable energy projects (wind and solar PV) on EU Taxonomy and confirms **a full EU Taxonomy alignment**



# Second Party Opinion from ISS ESG.



## ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION <sup>2</sup>	SPO SECTION	SUMMARY	EVALUATION <sup>2</sup>
<b>Part 1:</b> <b>Green Financing Instruments link to issuer's sustainability strategy</b>	<p>According to the ISS ESG Corporate Rating published on 19 April 2022, the issuer shows a high sustainability performance against the industry peer group on key ESG issues faced by the Public &amp; Regional Banks industry. The issuer is rated 8th out of 266 companies within its sector.</p> <p>The Use of Proceeds financed through these Green Financing Instruments are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing green bonds is clearly described by the issuer.</p>	<b>Consistent with issuer's sustainability strategy</b>	<b>Part 3:</b> <b>Sustainability quality of the Selection Criteria</b>	<p>The Green Financing Instruments will (re)finance eligible asset categories which include: renewable energy and green buildings.</p> <p>Those use of proceeds categories have a significant contribution to SDGs 7 'Affordable and clean energy', 11 'Sustainable cities and communities' and 13 'Climate action'.</p>	<b>Positive contribution to SDG 7, 11 and 13</b>
<b>Part 2:</b> <b>Alignment with GBP</b>	The issuer has defined a formal concept for its Green Financing Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the Green Bond Principles.	<b>Aligned</b>	<b>Part 4:</b> <b>Alignment with EU Taxonomy</b>	<p>ISS ESG assessed the alignment of NORD/LB's project characteristics, due diligence processes and policies against the requirements of the EU Taxonomy (Climate Delegated Act of June 2021), on a best-efforts basis<sup>3</sup>. Based on robust processes for selection, the nominated project categories are considered to be:</p> <ul style="list-style-type: none"> <li>Aligned with the Climate Change Mitigation Criteria except for 7.7 Acquisition and ownership of buildings (for buildings completed after 2020)</li> <li>Aligned with the Do No Significant Harm Criteria</li> <li>Aligned with the Minimum Social Safeguards requirements</li> </ul>	

<sup>2</sup> ISS ESG's evaluation is based on the NORD/LB Green Bond Framework (23 June 2022 version), on the analysed selection criteria as received on the 11 May 2022, and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on the 19 April 2022)

<sup>3</sup> Whilst the Final Delegated Act for Mitigation and Adaptation were published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage ISS ESG evaluates the alignment with the EU Taxonomy on a "best efforts basis"

# EU Taxonomy alignment assessment from Everoze.

## NOR023-T-01-D EU Taxonomy Assessment Process

### I. EU Taxonomy Alignment Assessment

The EU Taxonomy is a list of economic activities with performance criteria for their contribution to six environmental objectives. To be included in the EU Taxonomy an economic activity must contribute substantially to at least one environmental objective and do no significant harm (DNSH) to the other five. Everoze was asked by Nord/LB to perform an EU Taxonomy alignment assessment for a portfolio of 28 onshore/offshore wind and solar PV assets located across Europe and the UK.

This technical note summarizes the verification process undertaken by Everoze during this assessment.

#### I.1 EVEROZE'S VERIFICATION PROCESS

The substantial contribution toward climate change mitigation was verified against the criteria stated in the EU Taxonomy compass (1). All the assets produce clean energy from renewable sources which means they are deemed to substantially contribute to climate change mitigation.

Compliance with the DNSH principle for biodiversity and ecosystems, and water and marine resources was assessed by reviewing the original Environmental Impact Assessment (EIA) for each asset. Everoze was able to verify in each instance if the EIA had been performed in line with the relevant EU directives stated in the generic criteria for alignment (2). Where an EIA was not required, Everoze checked the relevant documentation to verify the proper screening procedure by a competent authority had been performed.

Alignment with the circular economy environmental objective was assessed based on Everoze extensive technical experience of decommissioning procedures and recycling processes and rates for solar PV modules and wind turbines in the EU.

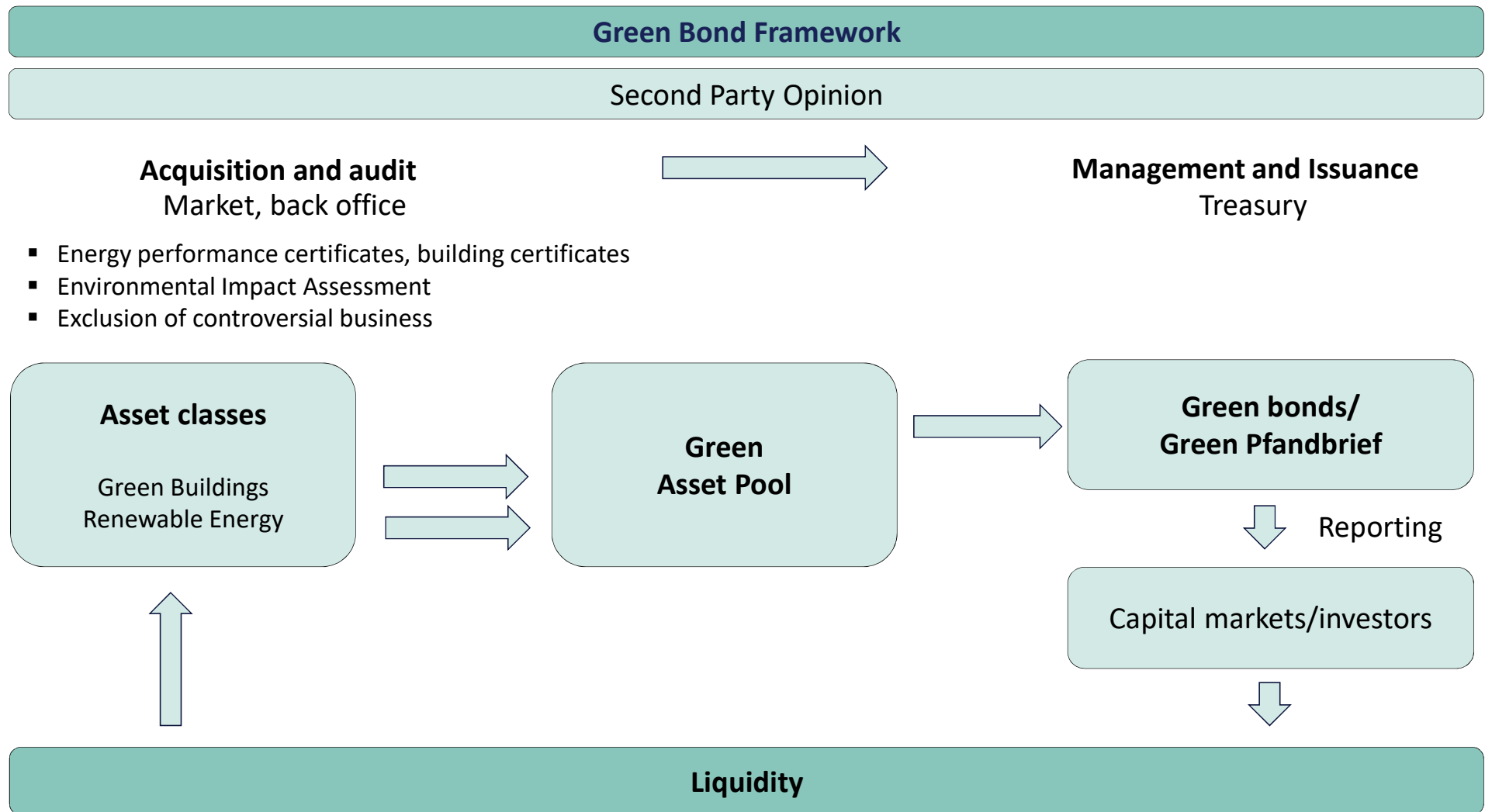
Finally, a Climate risk and vulnerability assessment was completed for each asset, in line with the specific criteria stated in the EU taxonomy (2), to ensure full alignment with climate change adaptation objective. The risk assessment was based on state-of-the-art climate modelling methodologies using high resolution data specific to each asset location. It also covered the lifespan of each asset and considered different possible climate change pathways.

All the assets in the portfolio were found to align with the environmental objectives and requirements of the EU Taxonomy.

#### References

- 1) EU Taxonomy Compass [https://ec.europa.eu/sustainable-finance-taxonomy/tool/index\\_en.htm](https://ec.europa.eu/sustainable-finance-taxonomy/tool/index_en.htm)
- 2) Regulation (EU) 2020/852 of the European Parliament and of the Council, Appendices to Annex I, Appendix A-E. <https://ec.europa.eu/sustainable-finance-taxonomy/documents/CCM%20Appendices.pdf>

## Green value chain.



## Selection process for sustainable financing of Renewable Energy.

As **competent provider of sustainable financing**, NORD/LB contributes to the **transformation of the energy sector**. Loans provided for **renewable energy projects** are consistently aligned with the requirements of **green bond**:

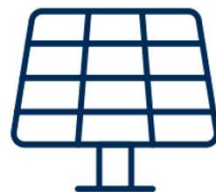
Wind and solar parks make a significant contribution to the transformation to sustainable energy production



Financed projects are based on the environmental objectives of the EU

Taxonomy:

- Climate protection
- Climate change adaptation
- Transition towards a circular economy
- Protection and restoration of biodiversity and ecosystems



Compliance with Do No Significant Harm criteria



Consideration in margin calculations



# NORD/LB Structured Finance: Financial solutions for a sustainable future.

## Key data

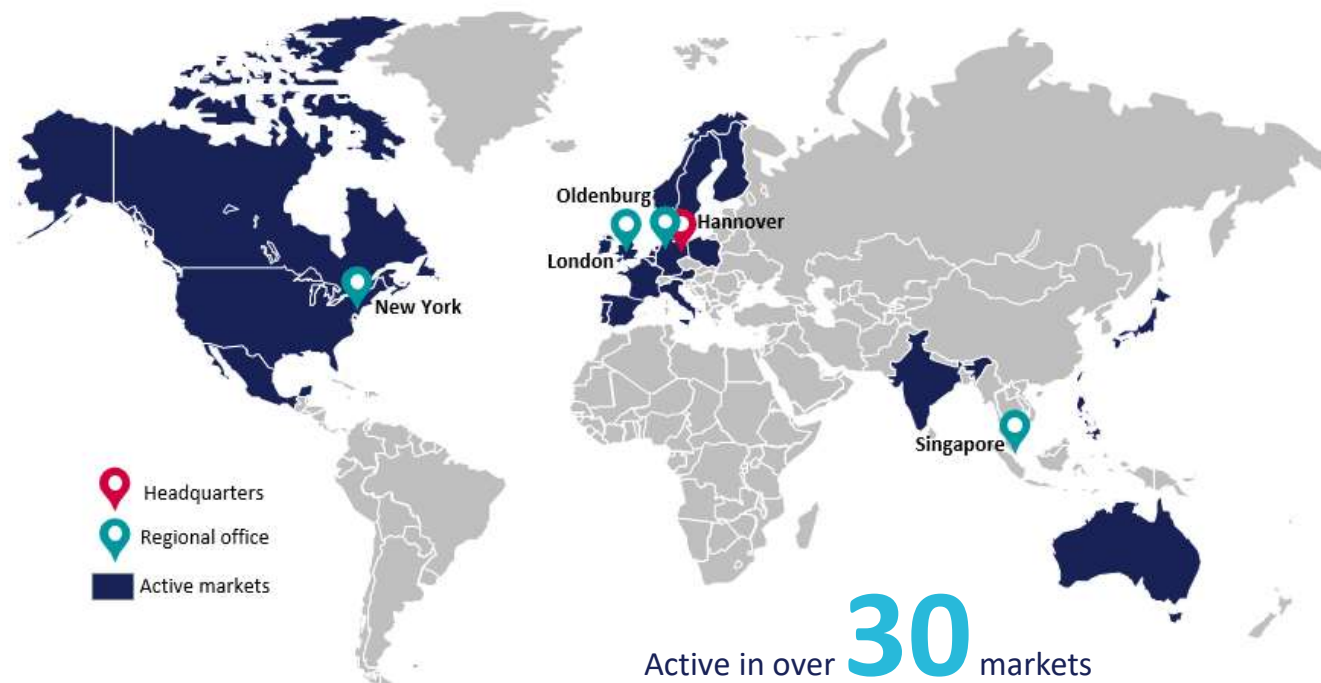
**170**   
in a globally networking  
intercultural team

**~€16bn**  
outstanding loan volume

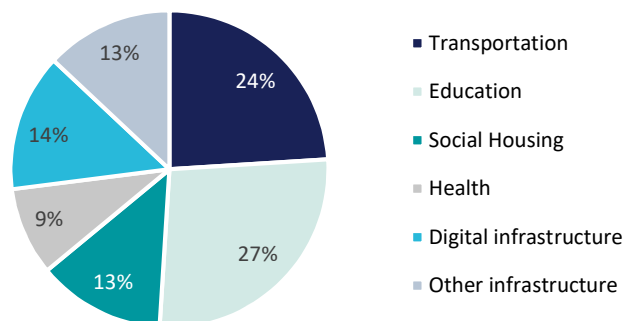
**>50,000 MW**  
financed renewable energy and  
battery storage projects

**>150**  
Infrastructure projects in various  
sectors

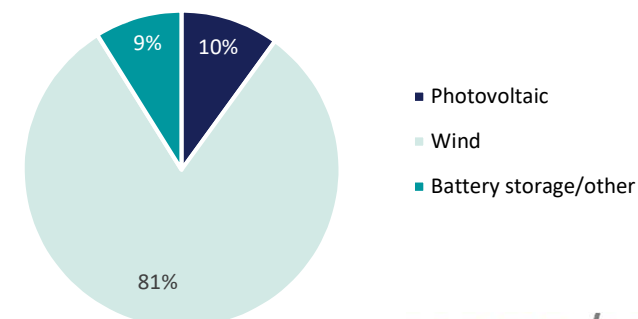
## Supporting our clients worldwide



### Infrastructure loan portfolio (~€5.5bn)



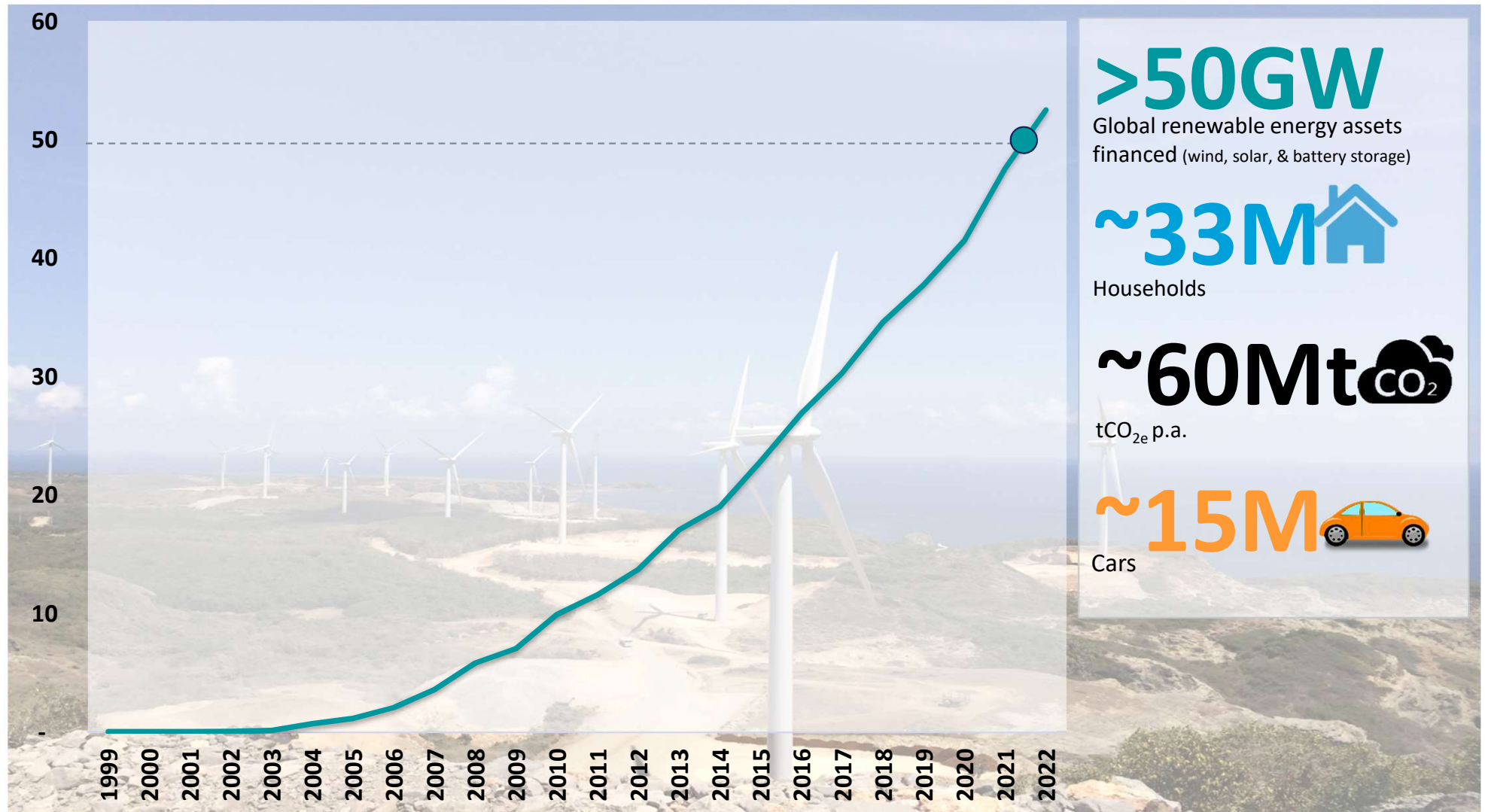
### Renewable energy loan portfolio (~€10.5bn)





## Financing the evolution of Renewable Energy.

### The journey to 50GW



# Energy and infrastructure finance.

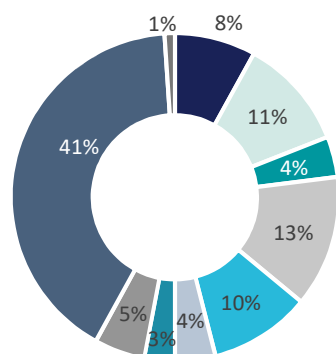
## Exposure by industry<sup>1</sup>



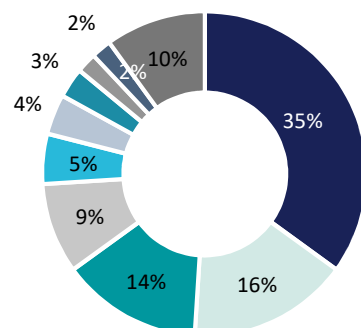
## Exposure by country<sup>1</sup>



Exposure at Default: €16.1bn as at 31 March 2023



- Education
- Digital infrastructure
- Health
- Photovoltaik
- Other energy (incl. battery storage)
- Other infrastructure (incl. legacy)
- Social housing
- Transportation
- Wind (onshore)
- Wind (offshore)



- Germany
- UK and Northern Ireland
- USA
- France
- Ireland
- Italy
- Australia
- Sweden
- Canada
- Other

in €m <sup>1,2</sup>	1 Jan – 31 Mar 2023	1 Jan – 31 Mar 2022
Income	65.1	63.6
Expenses	28.1	25.6
<b>Result<sup>3</sup></b>	<b>37.0</b>	<b>38.0</b>
Risk provisioning result	2.0	-1.0
<b>Earnings before taxes</b>	<b>39.0</b>	<b>37.0</b>

- **Energy:** We have been pioneers in financing renewable energy projects since the mid-1990s. We have financed over 1,000 projects (mainly wind and photovoltaic) in Germany as well as numerous European markets, the Americas and Asia-Pacific. In the financing of battery storage, we look back on projects totalling more than 1,000 megawatts, thus providing holistic support for the energy transition
- **Infrastructure:** For more than twenty years, we have been one of the leading financiers of infrastructure projects that meet the basic needs of our society. We are active in several sectors, with particular focus and expertise in the areas of: social infrastructure, digital infrastructure as well as transport
- Our competent and dedicated team prides itself on its client-centric and innovative approach to financing and, as a signatory to the UN Principles for Responsible Banking (PRB), ensures that projects deliver long-term social and environmental benefits
- For 2023 we expect **new business** rising up to €5.5bn in the structured finance segment

1 Slight deviations may occur due to rounding

2 The previous year's figures were adjusted for individual items

3 Result before restructuring, reorganisation and taxes

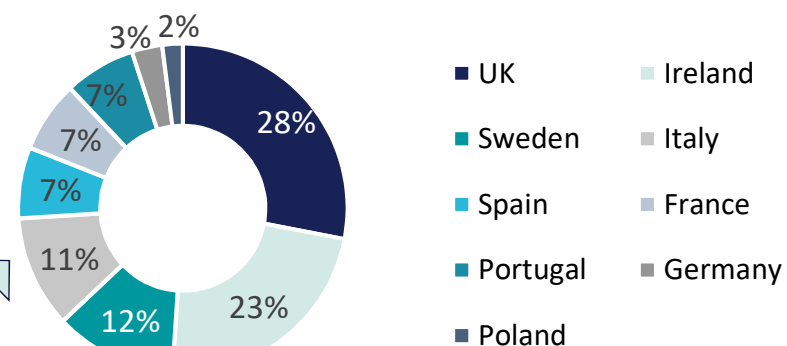
# The Green Asset Pool.

## Eligible loans

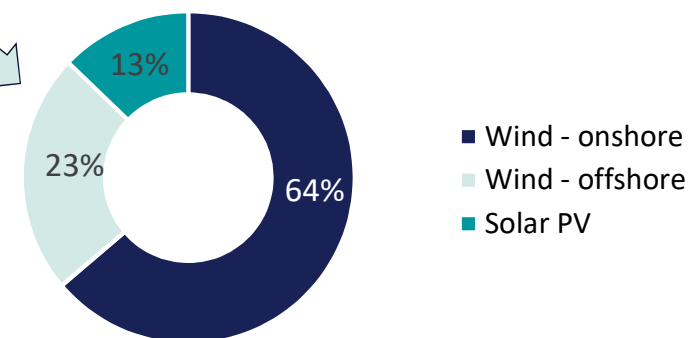
	outstanding loans (€m)
CRE (secured) <sup>1</sup>	2,653
CRE (unsecured) <sup>1</sup>	494
Wind – onshore <sup>2</sup>	550
Wind – offshore <sup>2</sup>	112
Solar PV <sup>2</sup>	71
<b>Total</b>	<b>3,880</b>

Note: Battery Storage assets have not been selected yet for inclusion in the Green Asset Pool.

## Regional breakdown



## Allocation of energy production



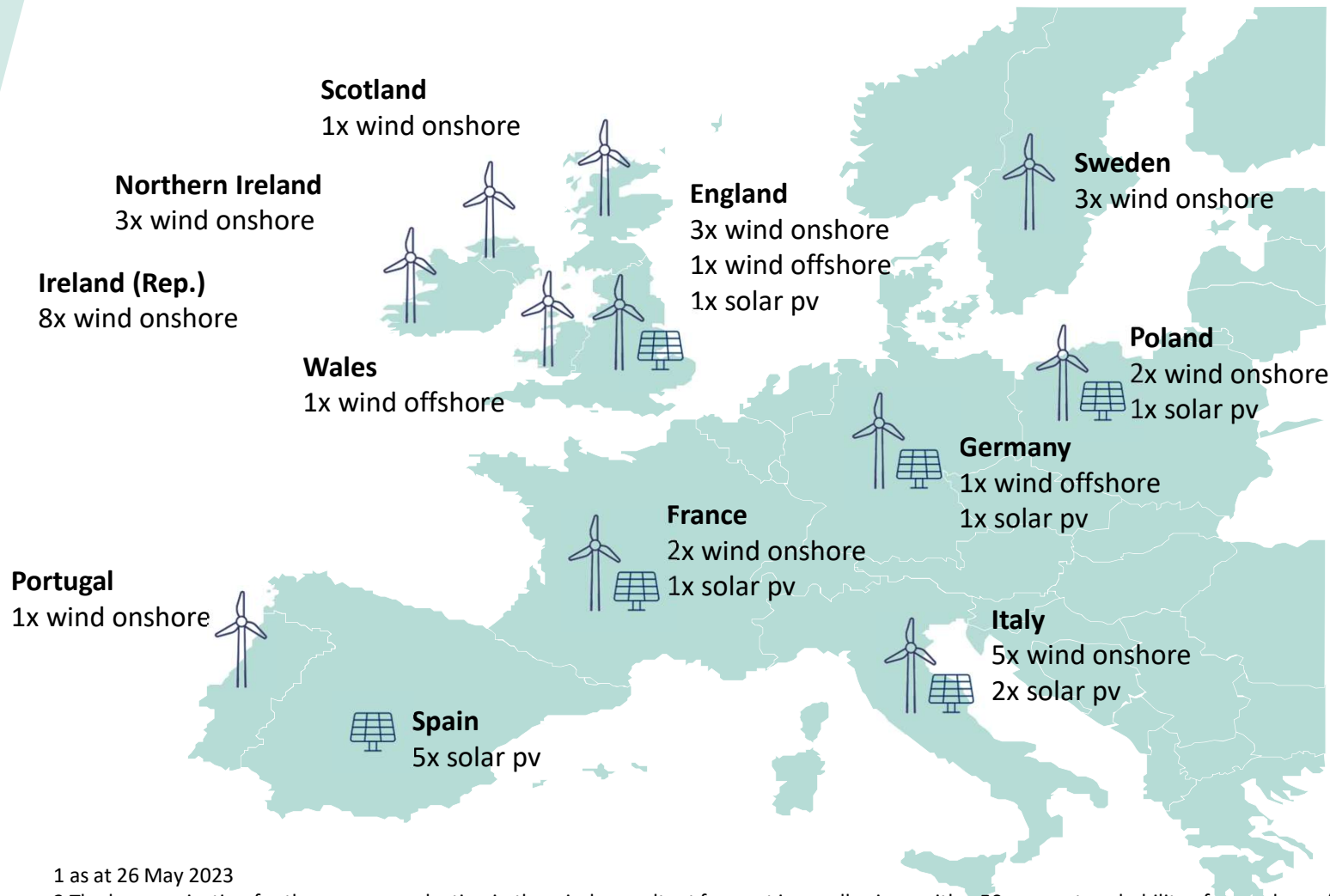
1 as at 31 March 2023

2 as at 26 May 2023



# Outstanding and Impact of Eligible Green Renewable Energy Asset Pool.

All 42 loans included in the asset pool are located in the EU



outstanding  
**Loans<sup>1</sup>**  
~€733m

estimated annual (P50<sup>2</sup>)  
**Energy production**  
4,025,397 MWh

estimated annual  
**CO<sub>2</sub> savings**  
1,318,428 t

1 as at 26 May 2023

2 The base projection for the energy production in the wind consultant forecast is usually given with a 50 per cent probability of exceedance (taking into account losses of transformation, degradation effects (PV), technical outages etc.).

We are on track - positive trend confirmed.

---

## Strong capital base

and improved capital employed to  
**strengthen earnings power**

Further expansion of **profitable new**  
**business** in the Bank's core segments

---

Stringent following of the **cost reduction path**  
**and continuous improvement of operating efficiency**

---

## Defensive risk policy

against the background of continuing  
geopolitical uncertainties

Continuation of the **ESG transformation**

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**Target 2023: Improving the**  
**operating result** by  
systematic increase in revenues and cost discipline

## Agenda.

NORD/LB at a glance	3
Capital and funding	10
ESG at NORD/LB	16
NORD/LB's Green Bond Programme	22
 <b>Appendix</b>	<b>35</b>

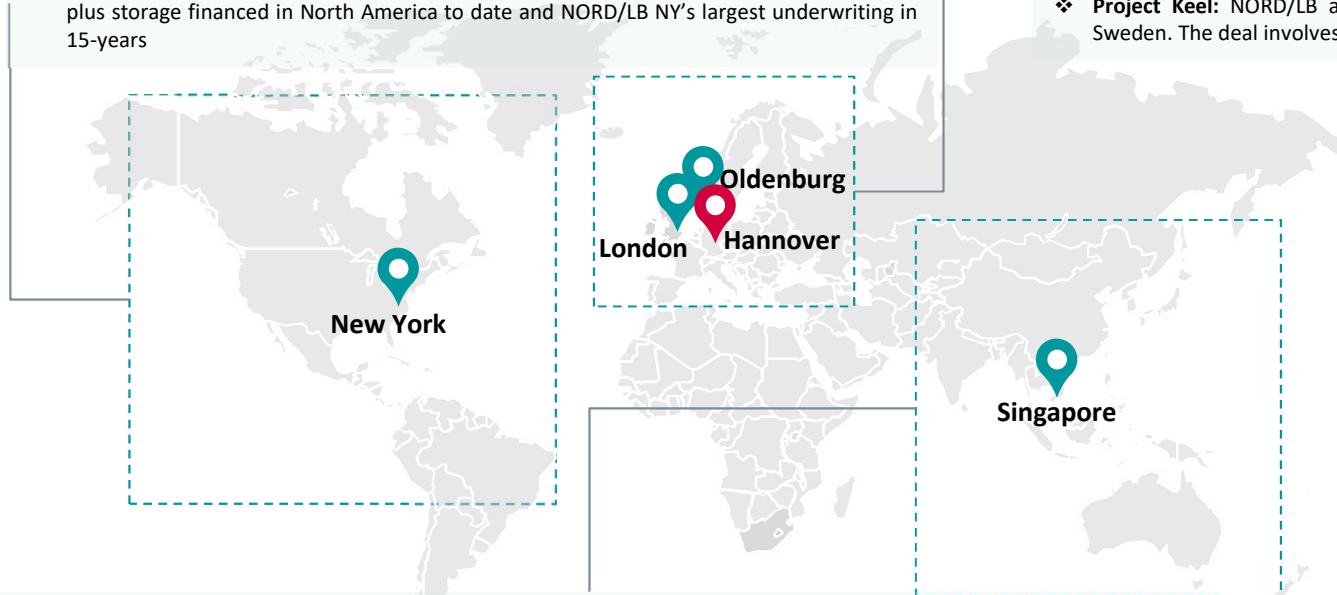
## 2022 HIGHLIGHTS - NORD/LB supports another >7GW of clean energy in 2022, bringing us to over 50GW renewables (incl. battery storage) financed across our global platform.

In **AMERICAS** we financed multiple renewables + BESS projects, of particular note:

- ❖ **Korea Midland Power Co. (KOMIPO) Concho Valley:** 215MW solar project in West Texas. NORD/LB acted as Joint Lead Arranger, Admin Agent and Collateral Agent
- ❖ **NextEra Convertible Equity Portfolio Financing:** 2.5GW solar, wind, and battery storage portfolio consisting of 13 projects across 9 US states. The financing supports a joint venture between Apollo and NextEra
- ❖ **Primergy Gemini:** 966MW+1416MWh solar plus storage project located in Nevada, where NORD/LB acted as one of four Coordinating Lead Arrangers. This is one of the largest solar plus storage financed in North America to date and NORD/LB NY's largest underwriting in 15-years

In **EUROPE** NORD/LB supported the financing of renewable energies projects across Europe, inter alia:

- ❖ As one of the **biggest financiers in the German wind onshore market** by market share (installed capacity) with our strong client basis. Furthermore we are happy to support several new clients with our client focused approach
- ❖ **Project Pajuperänkankaan**, an 86 MW wind farm in Finland, where NORD/LB acted as MLA, for our historic client ABO Wind AG, that shows the commitment we have towards our clients
- ❖ **Project Sunprime**, a 216 MWp solar rooftop, spread over 282 rooftops across Italy, which is the **first granular portfolio** financed by NORD/LB
- ❖ **Project Keel:** NORD/LB acted as sole-underwriting of Foresight's 277 MW Kolvallen wind farm in Sweden. The deal involves underwriting of EUR 280M Construction Bridge Facility



In **APAC** NORD/LB is proud to have:

- ❖ Financed **4** new transactions, which brought the Australia renewables portfolio over the **3 GW** mark, that is projected to deliver yearly sustainable green energy for the equivalent of more than **1.3 millions houses**
- ❖ Acted as Structuring Bank for Genex Power's 50MW/100MWh **Bouldercombe Battery Project**, which marks our first standalone battery project in Australia, and one of the first standalone large-scale Battery Energy System in Queensland
- ❖ Acted as MLA for Lightsource's 515 MWp solar portfolio, **Project Kelly**. The portfolio consists of two greenfield solar development in New South Wales and Victoria. This marks our first project finance deal with Lightsource **globally**, and our 23<sup>rd</sup> project site financed in Australia, testament to the market's confidence in our expertise

### RECENTLY AWARDED



LENDER OF THE YEAR  
HIGHLY COMMENDED

NORD/LB

COURTESY OF ALLEN & OVERY

**Lender of the Year**  
Wind Investment Awards 2022

### 2022 RENEWABLE ENERGY LENDER LEAGUE TABLES

**2<sup>nd</sup>** worldwide

(Source: Inspiratia)



Headquarters



Regional office

## Selection process of sustainable CRE financing.

By implementing the **Green Loan product**, NORD/LB strengthens its role as **competent business partner** for **financing energy-efficient buildings**:



# Sustainability at NORD/LB.

## Today



### Strategies

In concert with our stakeholders, we have drawn up a climate, data and transition strategy in general outlines



### Project

Set up the "CARE" project to implement the extensive regulatory requirements for sustainability



### Governance

Signing the German financial sector climate agreement and resolution of the ESG governance model



### Sustainability Board

Establishing a bank-wide information centre with an expert working group on sustainability topics as well as centres of expertise



### Frameworks

Integration of a Sustainable Loan Framework and a Green Bond Framework into the Bank's processes as well as ESG guidelines



## Our goals and ambitions



### Strategies

Development of a current climate strategy into a bank-wide sustainability strategy



### Employees

Establishment of an ESG Academy with training and qualification offers as well as expansion of ESG centres of expertise



### Transition tracks

Development of transition tracks for sector decarbonisation for the most emission-intensive sectors and definition of net zero targets



### Taxonomy

Introduction of EU taxonomy valuation to determine the Green Asset Ratio and taxonomy disclosure



### Management

Regular reporting as part of the climate strategy by a sustainability KPI dashboard



Our transformation programme covers a wide range of ESG issues - with a strong focus on strengthening governance.

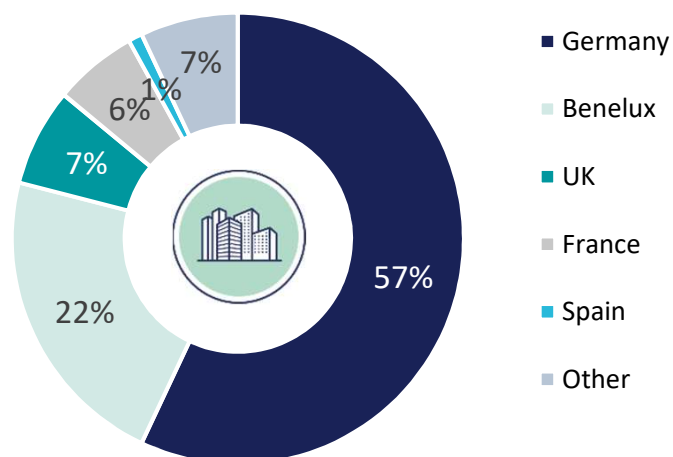
Dimension	Selection of NORD/LB's tasks
<b>E</b>	<ul style="list-style-type: none"> <li>▪ Joining the Climate Commitment of the German Financial Sector in 2022</li> <li>▪ CO<sub>2</sub> footprint measured: Carrying out CO<sub>2</sub> accounting for transparency measurement of CO<sub>2</sub> footprint for ~52% of the financing portfolio with a focus on the corporate book as well as project financing (incl. emission-intensive sectors)</li> <li>▪ NORD/LB is one of the leading financiers worldwide for renewable energies (~€10.5 billion) and sustainable real estate (~€5 billion)</li> <li>▪ NORD/LB's Green Bond Programme complies with Green Bond Principles and is currently being expanded to include additional asset classes. Outstanding issuances of green Pfandbriefe (€2 billion)</li> <li>▪ Analysis of selected parts of the portfolio for EU taxonomy compliance</li> </ul>
<b>S</b>	<ul style="list-style-type: none"> <li>▪ Target: Expansion of the definition of sustainable products to include social suitability criteria</li> <li>▪ Revision of the existing ESG guidelines, especially on the topic of human rights</li> </ul>
<b>G</b>	<ul style="list-style-type: none"> <li>▪ Integration of ESG components in target agreements of the board and leading employees</li> <li>▪ Formalisation and strengthening of internal governance and organisation on the topic of ESG</li> <li>▪ Define and collect KPIs and KRIs for internal sustainability management reporting</li> <li>▪ Training of the board, managers and employees on the topic of ESG (establishment of an ESG academy)</li> <li>▪ Integration of ESG risks in key elements of the risk framework, in particular risk strategy, risk inventory and risk appetite</li> <li>▪ Anchoring ESG aspects in the credit process and credit risk</li> </ul>



# Real Estate Banking Customers: Focus on commercial real estate in Germany (I/II).



**as at 31 March 2023**  
**Exposure at Default**  
**€15.4bn**



in €m <sup>1,2</sup>	1 Jan – 31 Mar 2023	1 Jan – 31 Mar 2022
Income	55.0	47.0
Expenses	19.3	19.0
<b>Result<sup>3</sup></b>	<b>35.7</b>	<b>28.0</b>
Risk provisioning result	-7.4	7.9
<b>Earnings before taxes</b>	<b>28.3</b>	<b>35.9</b>

- The commercial real estate financing business appears on the market under the "Deutsche Hypo" brand, thus representing more than 150 years of history, which is continued from the integrated Deutsche Hypothekbank
- Customer benefits: Tailor-made financing concepts and individual, qualified advice with broad know-how from various segments and the most important real estate markets in Europe
- Financing mainly of office and commercial buildings, shopping centres, hotels, logistics buildings and multi-storey residential buildings in preferred conurbations with a correspondingly good tenant structure and good cash flow
- Financing in Europe with focus on Germany. Furthermore financing of commercial real estate in France, UK, Benelux, Poland, Spain and Austria
- Green Banking: Completion of the product range by financing of green buildings

1 Slight deviations may occur due to rounding

2 The previous year's figures were adjusted for individual items

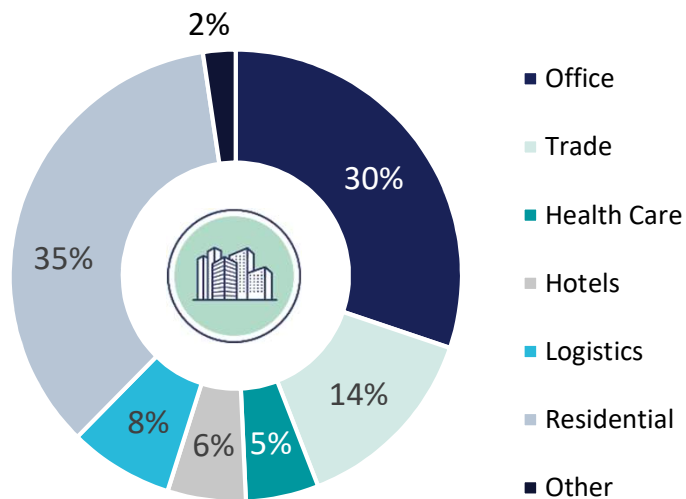
3 Result before restructuring, reorganisation and taxes



# Real Estate Banking Customers: Focus on commercial real estate in Germany (II/II).

## Breakdown by types<sup>1</sup>

as at 31 December 2022  
Exposure at Default



- The LTV weighted by lending volume in new business was 57% on average (in the total portfolio: LTV = 52.7% on average)
- The average LTV in new international business was 47% (51 exposures, volume of around EUR 1.6 billion)
- The average LTV in new domestic business it was 63% (77 exposures, volume of around EUR 2.4 billion)
- NPL: 0.17% in the real estate segment

<sup>1</sup> Slight deviations may occur due to rounding

# Slight increase in total assets due to valuation effects and increase in cash reserve.

Balance sheet data (in €m)	31 March 2023	31 March 2022 <sup>1</sup>	Change [in %]
Total assets	109,975	109,325	+1
Financial assets measured at fair value through profit or loss	10,679	10,633	+0
Financial assets measured at amortised cost	86,313	86,033	+0
<i>of which: loans and advances to credit institutions</i>	13,346	12,890	+4
<i>of which: loans and advances to customers</i>	69,896	69,968	0
Other assets	3,421	2,726	+25
Financial liabilities measured at amortised cost	93,746	93,342	+0
<i>of which: liabilities to banks</i>	27,262	28,403	-4
<i>of which: Liabilities to customers</i>	45,612	45,308	1
<i>of which: securitised liabilities</i>	20,663	19,423	+6
Provisions	2,515	2,433	+3
Other liabilities	-604	-1,027	-41
Equity (on balance sheet)	6,358	6,300	+1

## Financial assets measured at amortised cost

The increase is a result of changes in market value as a result of the higher interest-rate level

## Financial liabilities measured at amortised cost

The increase is related to intensive new business, particularly in loans to non-financial companies

## Other assets

The increase mainly results from the reporting date-related rise in the cash reserve

## Provisions

- The rise is mainly due to an increase in other provisions, i.e. provisions for the bank levy at the reporting date
- Accrued pension and benefit obligations increase slightly by €43 million due to lower underlying discount rate

## Other liabilities

The decrease is almost entirely related to the lower portfolio fair-value hedges adjustment items

<sup>1</sup> Previous year's figures adjusted

## NORD/LB with significant improvement in earnings.

Income statement [in €m]	1 Jan – 31 Mar 2023	1 Jan. – 31 Mar 2022 <sup>1</sup>	Change [in %]
Net interest income	229	236	-3
Net commission income	46	36	+28
Profit/loss from financial assets at fair value	-35	-61	-43
Risk provisioning	31	45	-31
Disposal profit/loss from financial instruments not measured at fair value	5	-8	>100
Profit/loss from hedge accounting	16	-17	>100
Profit/loss from shares in companies	-	1	>100
Profit/loss from investments accounted for using the equity method	-	-3	-100
Administrative expenses	-225	-233	-3
Other operating profit/loss	-63	-67	-6
<b>Earnings before restructuring, transformation and taxes</b>	<b>4</b>	<b>-71</b>	<b>&gt;100</b>
Profit/loss from restructuring and transformation	-12	-28	-57
<b>Earnings before taxes</b>	<b>-8</b>	<b>-99</b>	<b>-92</b>
Income taxes	-7	21	>100
<b>Consolidated profit/loss</b>	<b>-15</b>	<b>-78</b>	<b>-81</b>
Other comprehensive income (OCI)	74	140	-47
<b>Total comprehensive income for the period</b>	<b>59</b>	<b>62</b>	<b>-5</b>

### Net interest income

- Decrease due to amortisation of hedges and derivatives as well as staff-related provisions due to increased interest-rate levels
- Decline in income because of the temporary closure of the Strategic Portfolio due to the continuous rise in interest rates in 2022

### Net commission income

Rise is due to increased new business and higher margins. Expenses for state guarantees reduced: €-8 million (€-14 million)

### Profit/loss from financial assets at fair value

Net loss is at €-35 million and therefore above previous year's level (€-61 million). Net trading income mainly determined by valuation effects due to volatile capital markets. Sales margins significantly improved

### Risk provisioning

Reversals from Aircraft Customers and SCPO. The model adjustments recognised due to the Russia-Ukraine war amount to €259 million

### Administrative expenses

Decrease in staff expenses due to staff reduction

<sup>1</sup> Previous year's figures adjusted

## Continuation of the positive earnings trend.



### TRANSFORMATION

#### Consolidated result

The earnings before restructuring, transformation and taxes as at 31 March 2023 amounted to €4 million. The result was mainly influenced by the bank levy (€-63 million) and provisions for deposit protection funds (€-4 million). The regular risk provisioning (release of €31 million) continues to be inconspicuous. The model adjustments in risk provisioning (due to the Russia-Ukraine war) still amount to €259 million

#### Risk reduction credit portfolio

The portfolio reduction is progressing. As at 31 March 2023, the total exposure was €119.4 billion, down 10 per cent compared to the end of 2020 (€130.5 billion). The Group NPL ratio is 0.65 per cent. The shipping portfolio was reduced to €188 million, of which approximately 74 per cent is included in guarantees or securitisations. The aircraft portfolio is at €2.9 billion, of which nearly 30 per cent are covered by guarantees or securitisations

#### Transformation programme

The transformation programme was continued as planned; administrative expenses fell by €8 million to €225 million. Total assets were further reduced to €110 billion

#### Ratios

The Common Equity Tier 1 capital ratio (CET1) of 15.0 per cent as at 31 March 2023 was significantly above the regulatory requirements (SREP 8.7 per cent). The total capital ratio was 18.3 per cent as at 31 March 2023. The MREL ratio was 46.5 per cent as at 31 March 2023. The cost/income ratio was 113.8 per cent and the return on equity was -0.5 per cent

## Institutional Protection Scheme.

The **protection scheme of the Savings Banks Finance Group** protects deposits at a Savings Bank, a Landesbank (e.g. NORD/LB) or a Landesbausparkasse. The aim of the protection scheme is to prevent economic difficulties at the affiliated institutions. The system achieves this through voluntary institutional protection within the framework of the legal requirements. In this way, business relations with customers are continued as contractually agreed.

The Unified Support Fund consists of 13 functionally linked sub-funds:

- eleven regional savings bank sub-funds ("Sparkassenstützungsfonds"),
- the sub-fund of the Landesbanken and giro centres, and
- the sub-fund of the regional building societies (Landesbausparkassen)

Since its foundation in the 1970s, it has thus offered customers of the Savings Banks Finance Group the highest level of security and has also been recognised as a deposit guarantee scheme within the meaning of §43 EinSiG since July 2015.

Here you can find more information: <https://www.dsgv.de/en/savings-banks-finance-group/institutional-protection-scheme.html>

## Essential links.



Declaration on the German Corporate Governance Code:  
<https://www.nordlb.com/legal-notice/corporate-governance>



NORD/LB's protection scheme  
<https://www.nordlb.com/legal-notice/security-mechanisms>



Sustainability (reports, ratings)  
<https://www.nordlb.com/nordlb/sustainability>  
<https://www.nordlb.com/nordlb/sustainability/green-banking>  
<https://www.nordlb.com/nordlb/sustainability/green-bond>



NORD/LB managing board and supervisory board  
<https://www.nordlb.com/nord/lb/committees-and-executive-bodies>



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