

The background of the slide is a close-up photograph of vibrant green moss. The moss is composed of many small, rounded, fuzzy clumps that are densely packed together. The lighting is bright, highlighting the texture and color of the moss. The image is framed by white diagonal lines that create a central white space for the text.

GREEN BOND *Reporting 2021*

(as of June 2021)

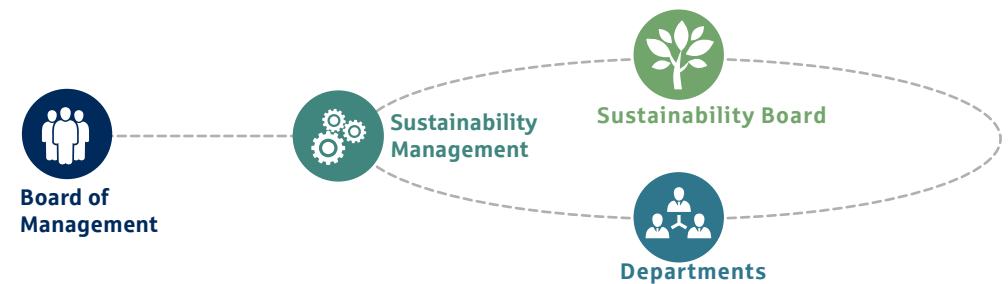
1/ INTRODUCTION AND RATINGS



6/ DISCLAIMER AND CONTACT

1/ INTRODUCTION

Deutsche Hypo is well aware of the effect of its actions on the environment and the responsibility it has regarding society as a whole and future generations. The Board of Management of Deutsche Hypo has decided to prioritise its target to establish a professional sustainability management system of the bank. The sustainability management team, which is part of the Communications department, is responsible for realising these targets as one of its core tasks. Sustainability management is also in charge of implementing sustainability standards, coordinating sustainability measures and developing the sustainability strategy. It is supported by the sustainability committee, which includes representatives from all of the bank's departments which are relevant in terms of sustainability.



Examples from sustainability management:

- „Prime“-Ratings from imug and ISS ESG (formerly Oekom Research)
- Sustainability management is a central point of the business strategy
- Annual sustainability report
- Support of its employees in social activities
- Office building with a DGNB Platinum Certificate
- Donation of the Johann-Georg-Zimmermann Prize to support cancer research
- Establishment of ethic principles and corresponding policies for prevention of money laundering, terrorism financing, corruption, bribery and fraud

Deutsche Hypo firmly believes that many aspects of global development imply risks and rewards for both the bank itself and for its customers and investors, and therefore have an impact on business activities.

The sustainability strategy focuses on the aspects of global development which are relevant to Deutsche Hypo and its customers and investors and shows how opportunities can be realised effectively and risks managed properly. By taking on a systematic approach to sustainability issues, Deutsche Hypo ensures that the required sustainability aspects can be incorporated into its business activities across the board – in other words both lending and deposit business.

- Transactions which clearly violate the fundamental principles of sustainable development, such as those related to weapons materials, are identified and rejected by means of exclusion criteria.
- Sustainability guidelines link the individual transaction to the specific sustainability standards relevant to Deutsche Hypo, such as the German Sustainability Code or the UN Global Compact. This allows sustainability to be managed in a targeted and case-by-case manner.

Sustainable References



Logistics portfolio
Seven German locations

Energy performance certificates with high energy efficiency

Green Bond-ability



Viktoria Karree
Bochum

Energy performance certificates with high energy efficiency

Green Bond-ability



Am Tacheles
Berlin

LEED Platin (expected)

Green Bond-ability



Woodwork
Paris

HQE Très Performant (expected)

Green Bond-ability

Through its employees, Deutsche Hypo sees itself as a means to help customers and investors anchor their business activities and investment decisions more firmly within the context of sustainable development. Deutsche Hypo is an established, experienced institution on national and international markets. At the NORD/LB Group, it is the designated centre of competence for commercial real estate financing business. In business with professional real estate investors, Deutsche Hypo offers tailor-made, complex financing structures with a broad range of different products. Deutsche Hypo's business operations are centred on high-quality properties. The majority of its focussed financing activities relate to commercial real estate from the office and retail, multi-storey residential, hotel and logistics sectors.

By financing energy-efficient properties and issuing Green Bonds, Deutsche Hypo is able to act as a financial intermediary and to help project developers, tenants and professional and private investors alike to structure their business in a manner that is compatible with the environmental concerns of our society. It actively promotes the reduction of carbon emissions and the responsibility for protecting the environment. The quarterly reporting process is an expression of this responsibility.

1/ SUSTAINABILITY RATINGS

The successful establishment and expansion of Deutsche Hypo's sustainability management is recognised in its very good sustainability ratings. The ratings demonstrate the importance of sustainable corporate management.

At the beginning of 2020, the sustainability rating agency ISS ESG (formerly oekom research) again awarded Deutsche Hypo a prime rating once again. For the first time, the rating was improved from "C+" to "B-". Deutsche Hypo is therefore among the top ten percent of all the

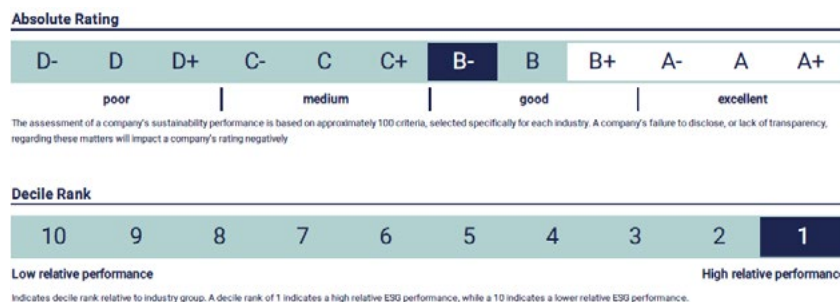
rated banks and exhibits strong performance in terms of sustainability. In the view of the rating agency, the Bank is among the top-rated companies in its industry.

In March 2019, the sustainability rating agency imug Beratungsgesellschaft für sozial-ökologische Innovationen mbH reassessed the Bank in its annual cycle. Deutsche Hypo took second place among the assessed mortgage banks (28 in total) with the assigned ratings, and 4th place among all European banks (171 in total).



Investment Status **Prime**

Rating **B-**



Sustainability Rating: **positive BB**

Mortgage Pfandbriefe: **positive BBB**

Public Pfandbriefe: **positive BBB**



2/ DEUTSCHE HYPO'S GREEN BOND PROGRAMME

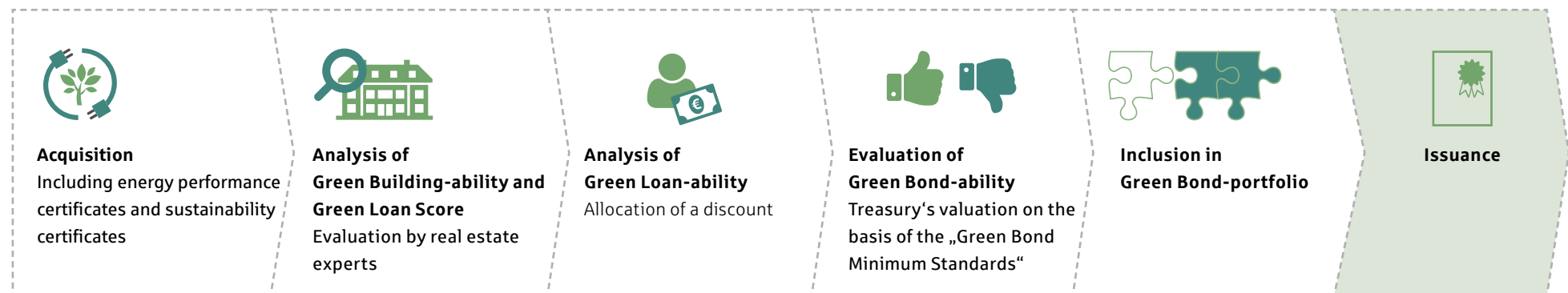
When issuing Green Bonds, Deutsche Hypo funds itself by issuing bonds (bearer bonds or registered bonds), loans (Schuldscheindarlehen) or deposits (Termingelder) whose raised funds are used exclusively to finance energy-efficient (i.e. green) buildings, such as new buildings, replacements of old buildings, project developments, certified portfolio financing and renovation work to improve a building's energy efficiency.

Deutsche Hypo is an official member of the Green Bond Principles (GBP). Deutsche Hypo assigned ISS ESG (formerly oekom research AG) to review the implementation of the Green Bond Principles and the sustainability of the Bank's overall Green Bond programme.

The energy efficiency of a property to be financed, and therefore its suitability as an asset for a Green Bond, is evaluated in a multi-stage process. The requirements derived from the process in relation to acquisition, loan processing and Treasury are embedded in Deutsche Hypo's guidelines and are therefore binding for all employees.

The employees in the lending department (Credit Management) record all the necessary data (such as energy performance certificates, sustainability certificates, etc.) of the financing in the Bank's IT systems. In case of an expiration the energy performance certificate or sustainability certificate is requested again by the lending department. The Green Building will lose its Green Bond-ability if the borrower can not present a new certificate.

Selection Process



The Green Bond Minimum Standards (GBM):

The GBM are Treasury's binding criteria for the evaluation of the Green Bond-ability. The applicable criteria are determined by a Green Building Commission which is comprised of members of the sustainability circle that supports the sustainability management team. The Green Building Commission defines the Green Bond Minimum Standards (short: GBMS) and ensures in its regular meetings that the minimum standards required in the target markets are complied with. An asset is categorised as a Green Building if the applicable GBMS are fulfilled at the time of inclusion in the Green Bond portfolio. The primary energy demand or consumption (warmth) should be used for valuation if the use of renewable energy reduces

the primary energy demand or consumption to below the final energy figure.

Deutsche Hypo has set itself the requirement that the financed Green Buildings must at least correspond to the volume of outstanding Green Bonds. If it is not possible to directly use the proceeds from Green Bonds to finance energy-efficient real estate in accordance with this framework, they must be immediately invested in credit with a sufficiently positive rating granted by a recognised sustainability rating agency (e.g. oekom research AG with at least Prime Status) on an interim basis.

Energy performance certificates with a maximum final energy demand or consumption (heat) in kWh/(m²*a) by main asset class

Germany



60 kWh/(m²*a)
for residential
properties



30 kWh/(m²*a)
for logistics
buildings



110 kWh/(m²*a)
for production
and storage
buildings (with
heating)



70 kWh/(m²*a)
for retail
buildings
(shopping malls,
department
stores)



95 kWh/(m²*a)
for other retail
buildings



95 kWh/(m²*a)
for hotel
buildings
(up to 3 star
hotels)



**105 kWh/
(m²*a)**
for hotel
buildings
(4 to 5 star
hotels)



**110 kWh/
(m²*a)**
for office
buildings
without
air conditioning



**135 kWh/
(m²*a)**
for office
buildings with
air conditioning

Foreign markets

In its foreign markets, Deutsche Hypo is already following the proposals of the Technical Expert Group (TEG). The main type of use of a residential or commercial building must be assigned to the top 15% of the national building stock. The identification is based on the primary energy demand. The necessary data, including the average primary energy demand and the country-specific CO₂ intensity, is provided by Drees & Sommer engineering experts. Drees & Sommer will update this data on a regular basis. This will bring the selection criteria of the Green Bond Framework in line with current market standards.

In all target markets, the primary energy demand or consumption (warmth) should be used for valuation if the use of renewable energy reduces the primary energy demand or consumption to below the final energy figure.

Furthermore, it is possible to identify a Green Building in all target markets with help of the following sustainability certificates:

LEED
Gold

BREEAM
Very Good

DGNB
Gold

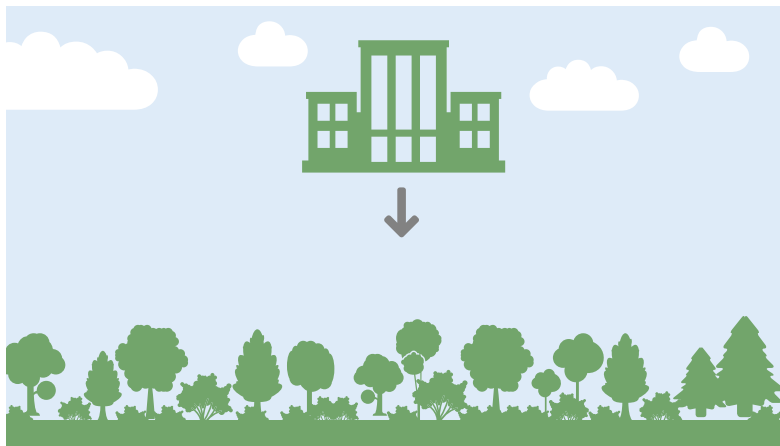
HQE
Performant

Deutsche Hypo's real estate customers are asked to submit a new valid document before the energy performance certificate or sustainability certificate will expire. With the expiration of valid documents, a moratorium of one (Green Buildings identified by an energy performance certificate) respectively three years (Green Buildings identified by a sustainability certificate) exists. This gives real estate customers flexibility in generating new valid documents. Furthermore, it limits the reduction of Deutsche Hypo's own funding potential.

A Green Building-classification without an energy performance certificate or sustainability certificate is possible in the following cases:

- For project developments, if the aspired energy demand or sustainability specification will be in line with the current Green Bond Mindeststandards.
- For financed buildings without an energy performance certificate or sustainability certificate, which can be compared to Green Buildings which are just part of our Green Bond asset pool. Therefore a detailed statement with an energy demand calculation by a real estate valuer is necessary.

Greenfield development



Green Buildings financed are also analysed on the basis of a number of criteria. Besides energy consumption and distance to public transport the use of previously empty land for new constructions (known as greenfield sites) is also examined. The aim here is to avoid building on such areas and, instead, promote construction on brownfield sites. Brownfield sites are areas of land previously used for commercial or industrial purposes and have therefore already seen ecosystem intervention (e.g. through soil sealing due to previous construction work). In addition, brownfield sites usually already have access to existing infrastructure, offering better transport links (public transport, rail, road and maritime transport) and utilities (water, electricity and gas).

An additional condition for the use of Green Buildings is that the financed real estate is only leased to uncontroversial main tenants. A main tenant contributes more than 10% to the rental incomes. The property will be excluded from the portfolio of suitable Green Buildings should it become known that a main tenant operates in a controversial business.

Brownfield development



Implementation of Green Loans

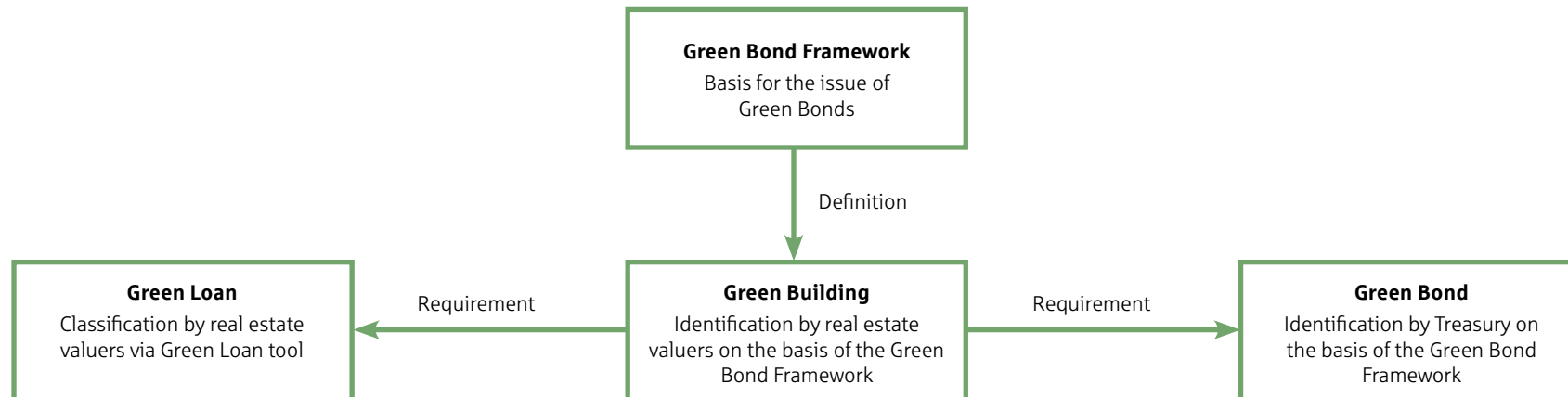
With the implementation of Green Loans Deutsche Hypo improves its role as a competent partner for energy efficient mortgage financings:

- Margin reduction in pricing
- Incentivisation of sustainable characteristics
- Green Building-Classification with different criterias, i.e. focus on:
 - Energy consumption
 - Year of construction
 - Certification
 - Distance to public transport connections
 - Soil sealing character
 - Building stock
- Furthermore: Exclusion of controversial tenants



Note: no Green Loan without a Green Building, no Green Bond without a Green Building.
But: not every Green Building leads to a Green Loan or a Green Bond!

Connection between Green Building, Green Loan and Green Bond



3/ TAXONOMY SCREENING OF THE GREEN BOND ASSET POOL

„Our customers are already intensively engaged with the latest requirements for Green Buildings. Deutsche Hypo has done a great job to continuously expand its knowledge. Sustainability is an integral part of our business strategy and of our employees daily doing. Our goal is to expand our know-how and sustainability behavior with our clients.“

Frank Schrader

Deutsche Hypo welcomes the actions taken by the European Union to create with help of the EU Taxonomy and the EU Green Bond Standard a common European standard. Data transparency, quality and comparability as well as the sustainability performance of bonds and issuers will improve in the medium term. Nevertheless, the implementation will be a challenge. Extensive data know-how is required for successful implementation, especially for the selection criteria and the „Do no significant harm“-requirements. Deutsche Hypo has been actively addressing these challenges since last year. An important point is the dialogue

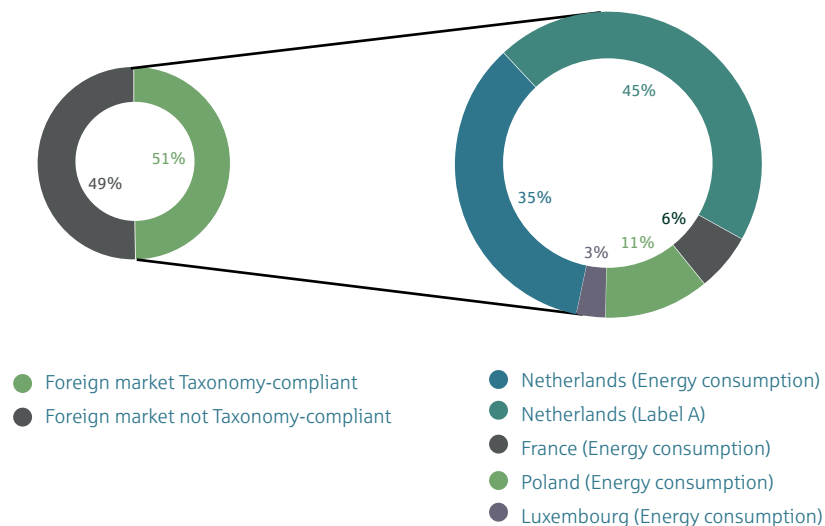
with the customers. Deutsche Hypo has understood that its sustainability performance can only be improved together with its stakeholders. Therefore, the Bank deals intensively with all aspects of new regulations and shares its knowledge with its customers. The aim is to offer Taxonomy-compliant products and thus to continuously improve the quality of the own Green Bond Programme.



Deutsche Hypo already undertakes an indicative asset pool screening regarding the Taxonomy-compliance. So far, this is only possible for „Selection Criteria”:

Analysis of foreign markets – Top 15%-approach of Drees & Sommer:

At the beginning of 2020, Deutsche Hypo hired the engineering experts from Drees & Sommer to determine the top 15% of various asset classes in different foreign real estate markets. With the help of this data Deutsche Hypo can publish the Taxonomy-compliance of Green Buildings in foreign real estate markets on an indicative basis.

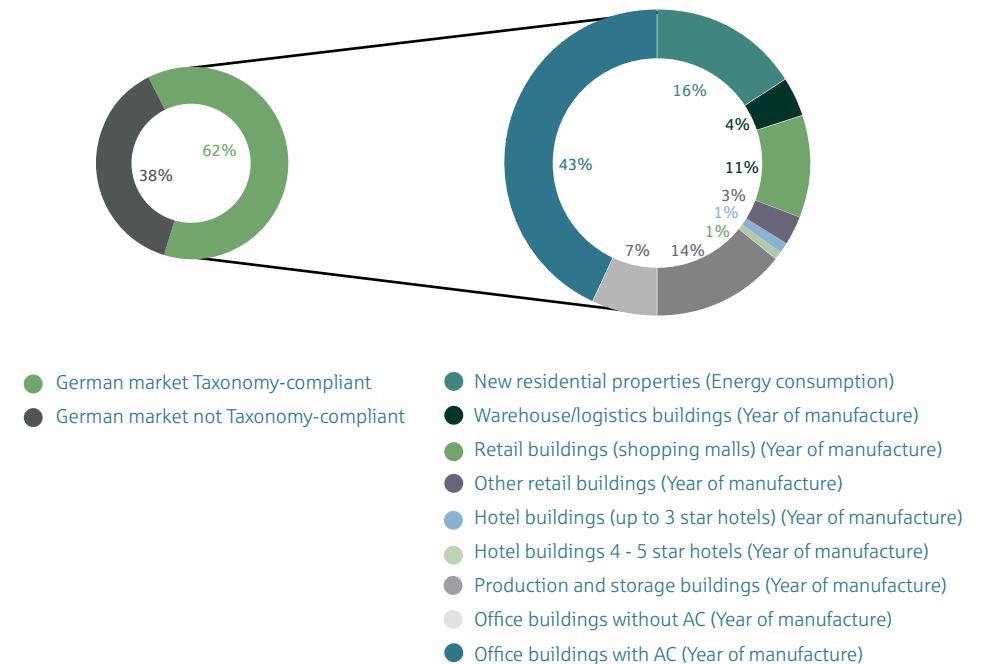


Analysis of the German market – Top 15%-approach of the Climate Bonds Initiative CBI:

The Climate Bonds Initiative CBI has already published a top 15% market proxy for the German real estate market in 2018:

- Residential buildings: Energy label A or B, respectively final energy demand of 75 kWh/m²A¹
- Commercial buildings: Built after 2008

With the help of this data Deutsche Hypo can publish the Taxonomy-compliance of Green Buildings on an indicative basis.



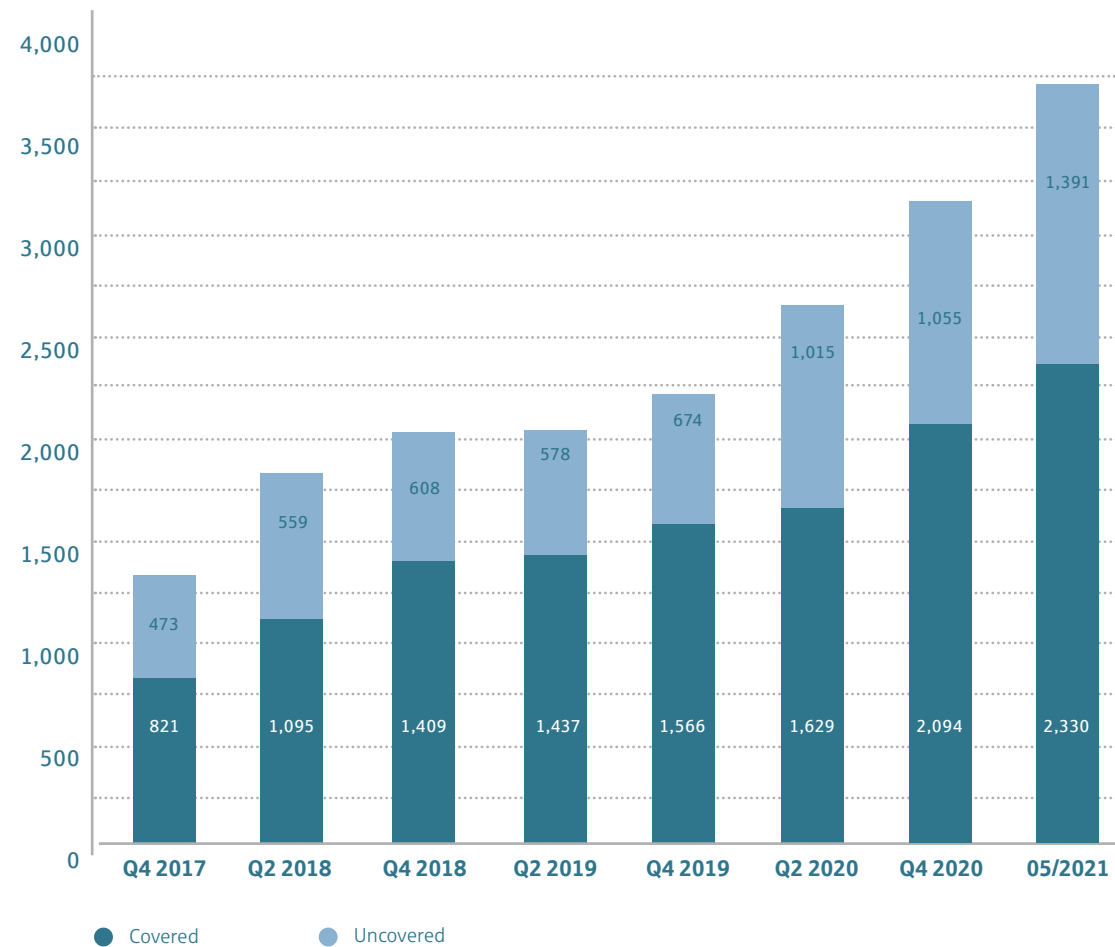
¹ Cf. https://www.climatebonds.net/files/Crit%20Brochure_Germany%20Brochure%281%29.pdf in conjunction with Annex 10 of the Bundesgesetzblatt 2013 Part 1 No. 67, 21. November 2013

4/ ASSET POOL REPORTING

At the end of June 2021, Deutsche Hypo's green building portfolio had a total volume of EUR 3,721 million.

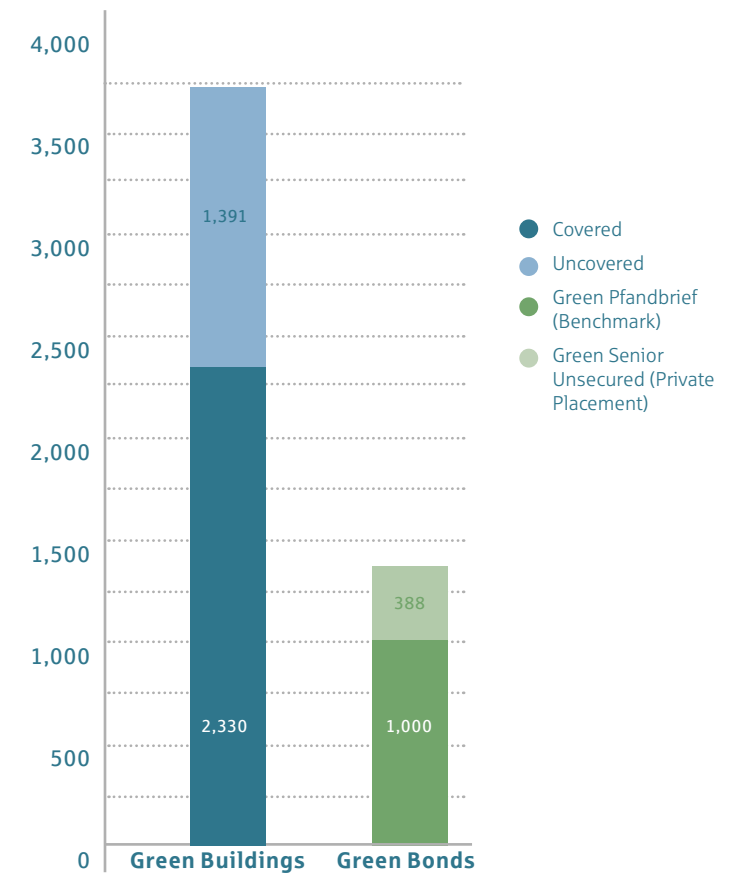
A1/ Development of the green building portfolio

in € millions

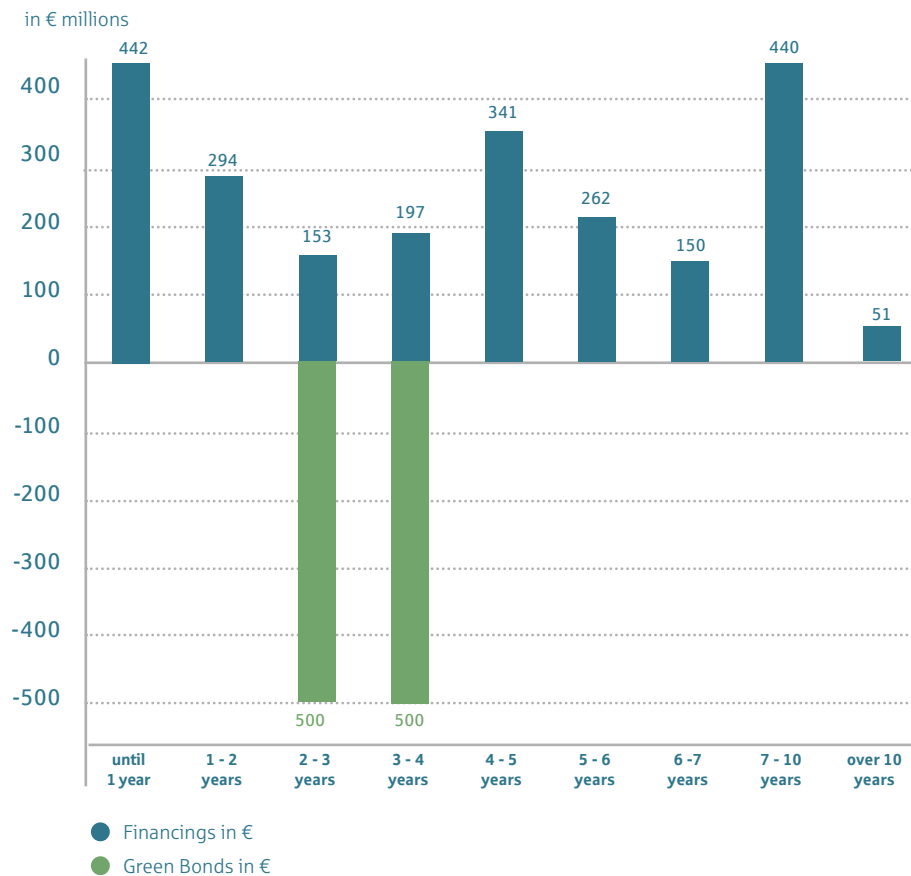


A2/ Comparison of asset pool and green bonds:

in € millions

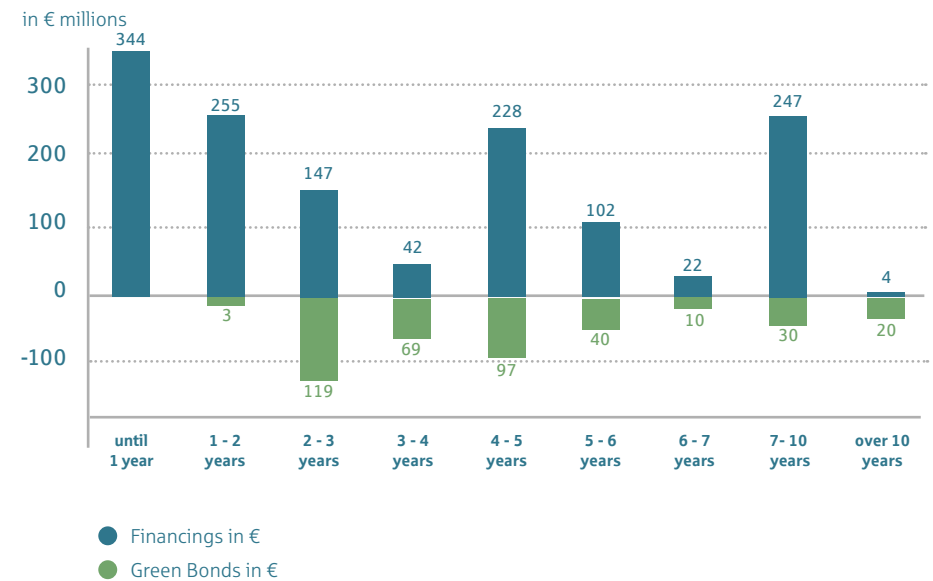


A3/ Covered maturity breakdown:



The illustration A3 shows the maturity breakdown of the covered Green Buildings compared with the maturity breakdown of the outstanding Green Pfandbriefe.

A4/ Uncovered maturity breakdown:

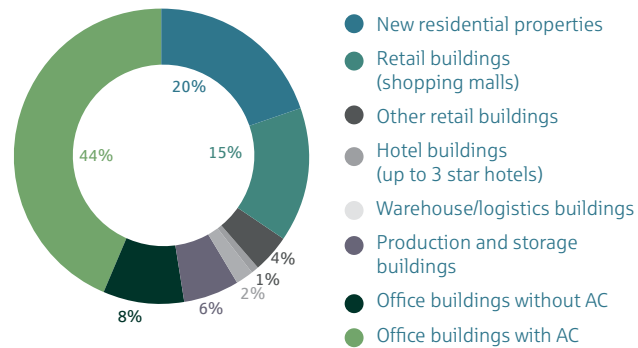


The illustration A4 shows the maturity breakdown of the uncovered Green Buildings compared with the maturity breakdown of the outstanding uncovered Green Bonds.

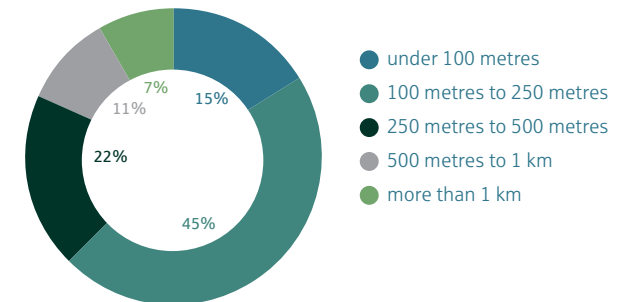
Green buildings can be categorised as follows

Most of the financed Green Buildings are office buildings with air conditioning (44%), new residential properties (20%) and retail buildings (e.g. shopping malls) (15%). 60% of all financed Green Buildings are less than 250m away from public transport connections. The majority (81%) of all financed Green Buildings are constructed on land previously used for commercial or industrial purposes and have therefore already seen ecosystem intervention (Brownfield). Most of the on Greenfield sites constructed Green Buildings are new residential properties, e.g. development areas.

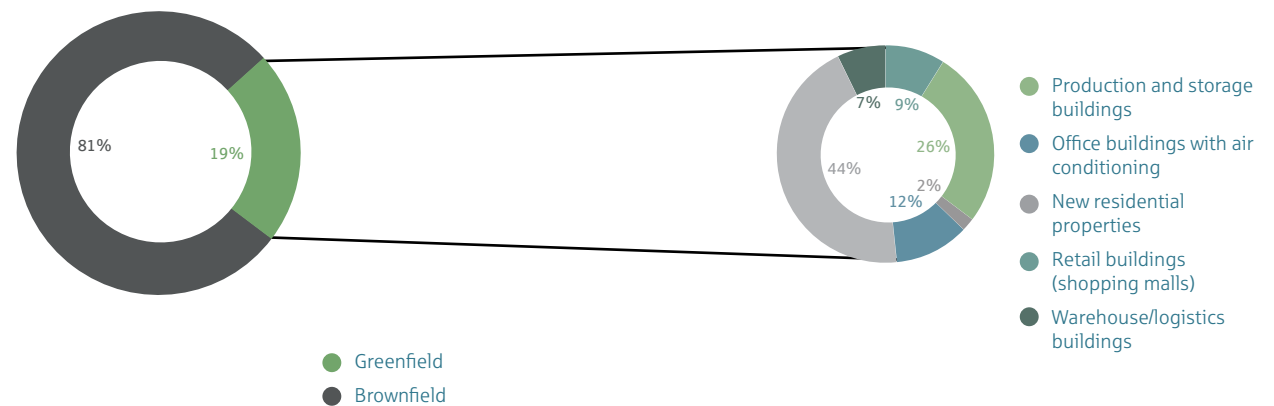
Asset class breakdown:



Public transport connections:



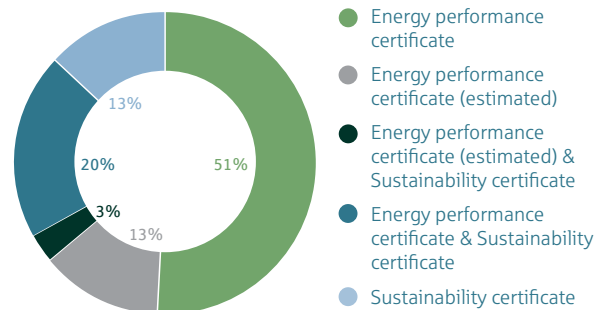
Soil sealing character:



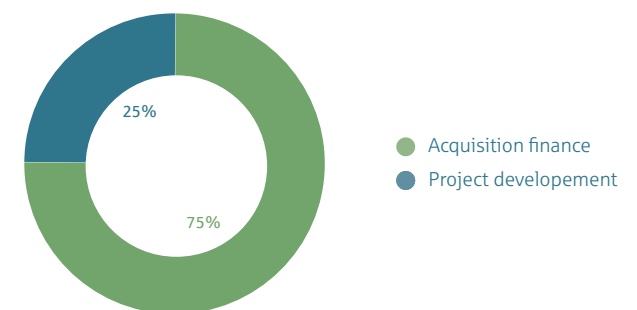
Green buildings can be categorised as follows

Most of the financed Green Buildings are characterized by an Energy Performance Certificate or an Energy Performance Certificate as well as an Sustainability Certificate (84%). Because of an missing energy consumption value for the remaining 16% of the EPCs the energy consumption value was estimated. As in Deutsche Hypo's whole commercial real estate business most of the financed Green Buildings are constructed in Germany (62%).

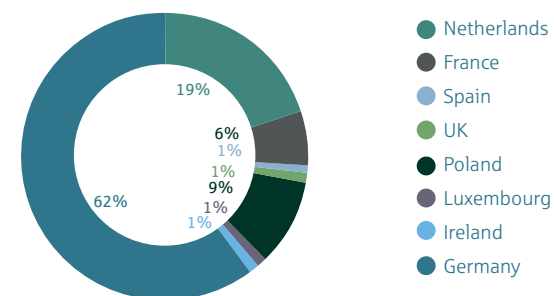
Certification breakdown:



Type of financing:



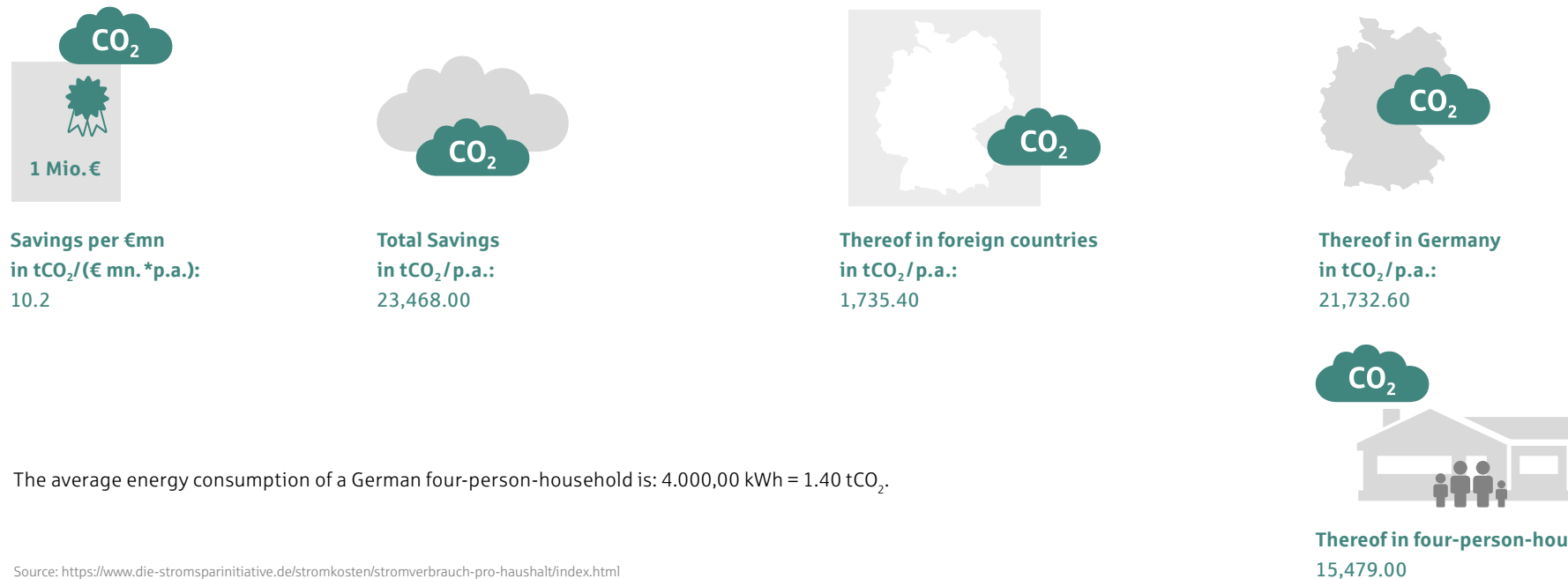
Country breakdown:



5/ IMPACT REPORTING

The Green Buildings, which are characterized by an energy performance certificate without estimation of consumption value (EUR 2,312 million), avoid, compared to the current German Energy Savings Ordinance (EnEV), 23,468 tonnes of carbon emissions per year. Thus, per EUR 1 million of investment a total of 10.2 tonnes of carbon emissions is saved per year.

21,733 tonnes of the 23,468 tonnes of carbon emissions were avoided by Green Buildings which are located in Germany and 1,735 which are located in foreign countries. Compared with the average energy consumption of a German four-person-household all Green Buildings which are located in Germany and characterized by an energy performance certificate avoid the energy consumption of 15,479 German four-person-households per year.



For calculating the CO₂-impact Deutsche Hypo only considers green buildings which are characterized by an energy performance certificate with an energy consumption value. Deutsche Hypo generally calculates the energy saved by a green building by determining the difference between energy requirements and the chosen benchmark. The current benchmarks are the average energy consumption values per asset class and target market.

Due to the existing data quality in the target market Germany, the average consumption value of office buildings is the benchmark for all other commercial asset classes. For residential buildings there is a separate average consumption value and thereof a separate benchmark.

In its foreign markets, Deutsche Hypo is already following the proposals of the Technical Expert Group (TEG). The main type of use of a residential or commercial building must be assigned to the top 15% of the national building stock. The identification is based on the primary energy demand. The necessary data, including the average primary energy demand and the country-specific CO₂ intensity, is provided by Drees & Sommer engineering experts. Drees & Sommer will update this data on a regular basis. This will bring the selection criteria of the Green Bond Framework in line with current market standards.

The energy saved by the building in kWh/m²a is then multiplied by a factor specific to each target market that takes into account the amount of carbon required to generate one kilowatt-hour of energy for the building. Then, the annual carbon emission savings per square metre are multiplied by the total floor space of the building to determine the building's total emission savings per year. Given that it may be the case that Deutsche Hypo only finances part of the building, the green building's total emission savings are also calculated as a ratio to the share of financing volume. The final step is to divide the emission savings attributable to Deutsche Hypo by the volume of the loan, giving emission savings per EUR 1 million of financing.

Deutsche Hypo can provide the CO₂ intensities and national emissions data used in impact reporting on request.

Green Building energy savings in kgCO₂/a€mn

$$\frac{\left[\text{benchmark} \left(\frac{\text{kWh}}{\text{m}^2\text{a}} \right) - \text{energy consumption} \left(\frac{\text{kWh}}{\text{m}^2\text{a}} \right) \right] \times \text{country-specific carbon intensities} \left(\frac{\text{kgCO}_2}{\text{kWh}} \right) \times \text{building area (m}^2\text{)} \times \text{financing share (\%)}}{\text{loan volume (€mn)}}$$

6/ DISCLAIMER AND CONTACT

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