

# NORD/LB

Covered Bond Bank Luxembourg



## Green Covered Bond Allocation Report

### Financial Year 2024

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## 1. Introduction

We are pleased to present our fifth Green Covered Bond Allocation Report (the Report), for the financial year ended 31<sup>st</sup> December 2024. 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.

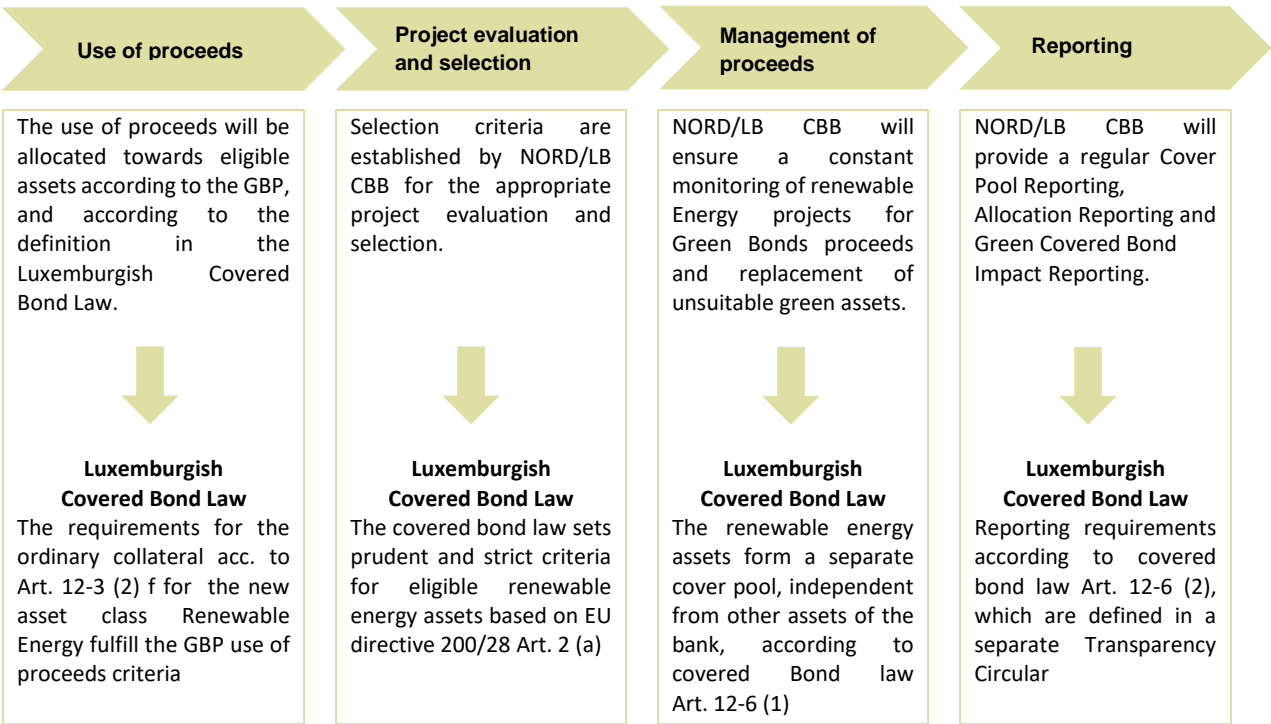
NORD/LB Group – including Norddeutsche Landesbank – Girozentrale – (NORD/LB) and NORD/LB Luxembourg S.A. Covered Bond Bank (NORD/LB CBB) - has been a vocal proponent of the UN Global Compact and its principles for many years and strives to implement these principles within its sphere of influence. Upholding 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 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 2018 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 are available on the NORD/LB CBB Green Covered Bond webpage.

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

### 3. Inaugural Green Covered Bond

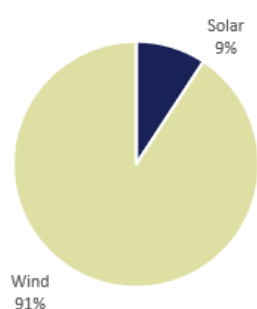
NORD/LB CBB issued its first green covered bond (Lettres de Gage Renewable Energy) in January 2020.

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

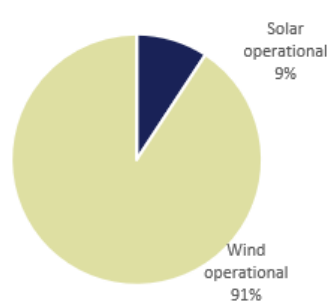
### 4. Cover pool reporting – renewable energy loans

Cover pool - renewable energy loans as of 31 <sup>st</sup> December 2024 <sup>1, 2, 3</sup>	
Total volume (balance sheet) renewable energy financings:	349.1 €m
Cover pool volume (RE loans only / total including bonds):	259.6 €m / 333.0 €m
Unallocated proceeds:	40.4 €m
Number of projects:	22

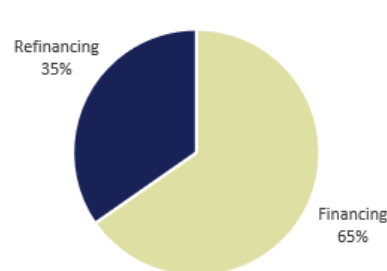
Breakdown by technology



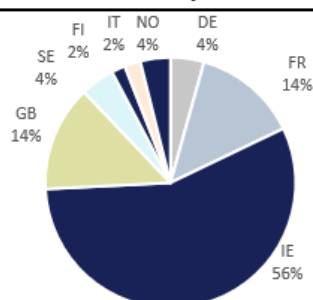
Breakdown by project status



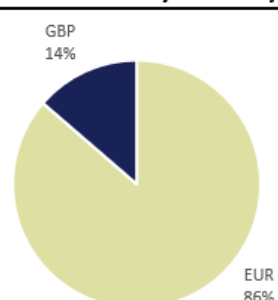
Breakdown by type of financing



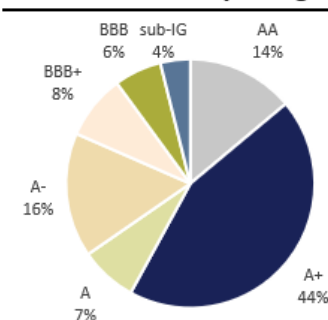
Breakdown by countries



Breakdown by currency



Breakdown by rating

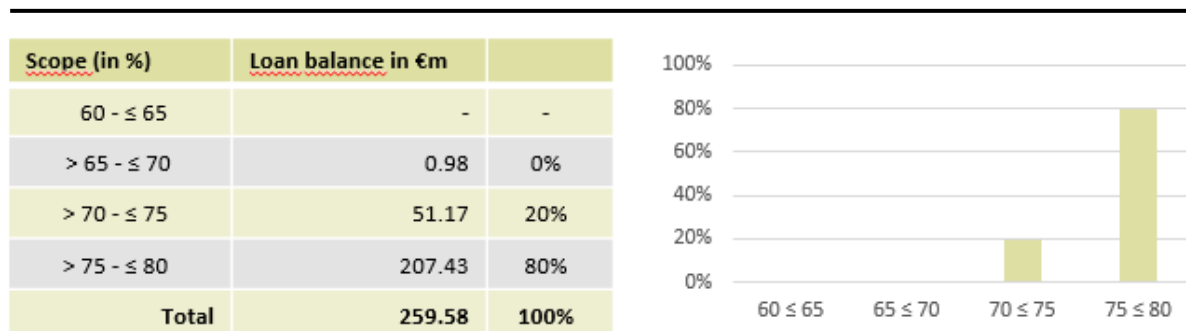


<sup>1</sup> Total differences are rounding differences

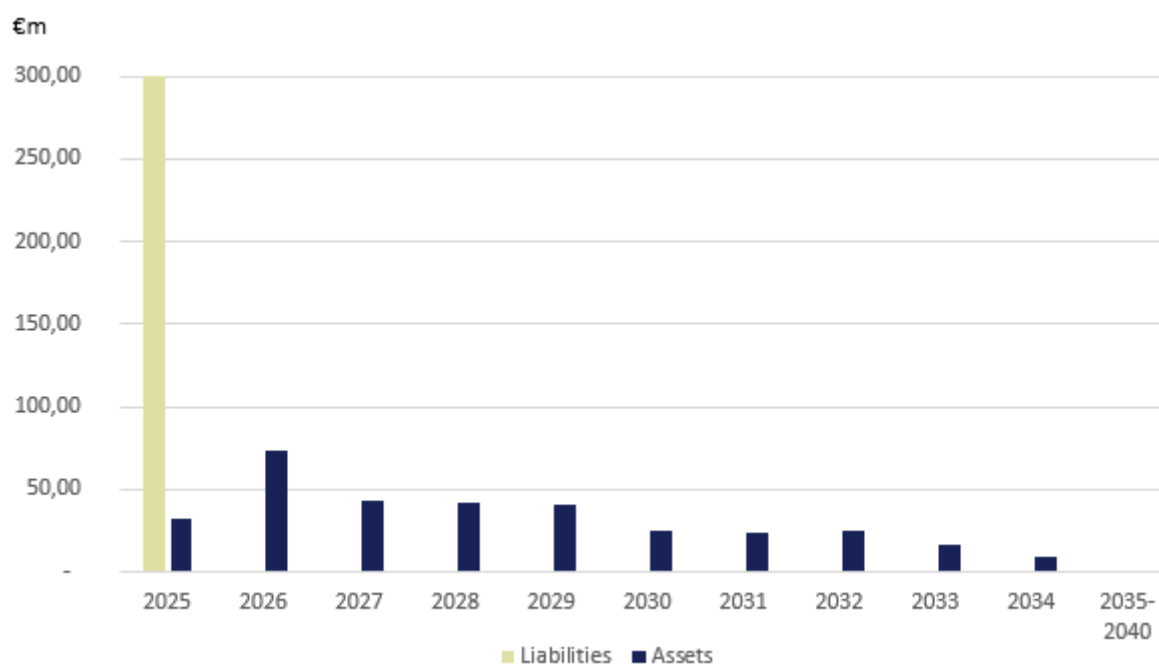
<sup>2</sup> Internal Ratings based on DSGV Basel III compliant rating tool

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

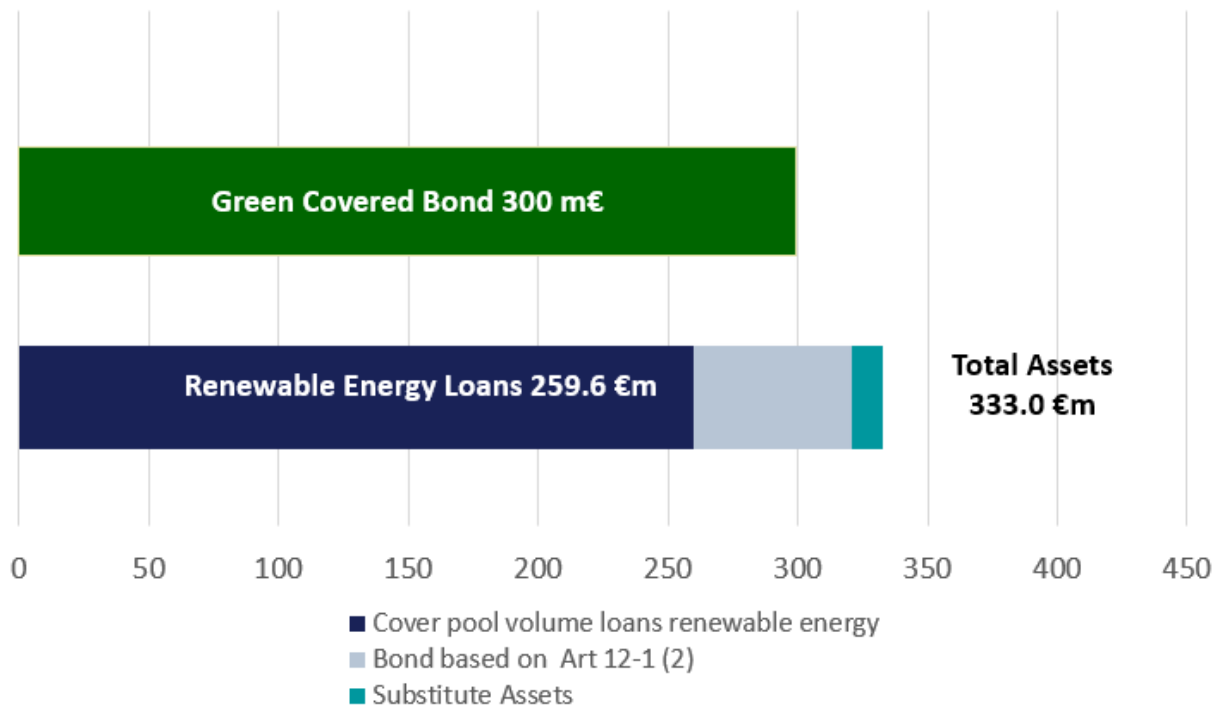
### Unindexed Loan to Value (LTV) buckets



### ALM structure of the cover pool



## 5. Green Covered Bond Allocation



All figures as of 31<sup>st</sup> December 2024. 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 NORD/LB CBB Green Covered Bond have been fully allocated in loans at time of issuance. Since then, the effects of redemption and exemption of loans have been compensated by inclusion of certified renewable energy bonds<sup>1</sup> and substitution green bonds<sup>2</sup> to increase the liquidity of the pool.

<sup>1</sup>in accordance with Luxembourg Law of 22 June 2018, Art. 12-1 (2) and NORD/LB Green Bond Framework

<sup>2</sup>in accordance with the Green Bond Framework, 2.3 Management of Proceed – Temporary investments

## 6. External Review



### NORD/LB CBB

**Type of Engagement:** Annual Review

**Date:** 26 March 2025

**Engagement Team:**

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#### Introduction

In January 2020, NORD/LB Luxembourg S.A. Covered Bond Bank ("NORD/LB CBB" or the "Issuer") issued a green covered bond (the "2020 green covered bond") and raised EUR 300 million to finance and refinance wind and solar energy projects. In March 2025, NORD/LB CBB engaged Sustainalytics to review the projects financed with proceeds from the 2020 Green Covered Bond (the "Nominated Expenditures") and provide an assessment as to whether the projects meet the use of proceeds criteria and the reporting commitments outlined in the NORD/LB CBB Green Bond Framework (the "Framework").<sup>1</sup> Sustainalytics provided a Second-Party Opinion on the Framework in September 2019.<sup>2</sup> This is Sustainalytics' fifth annual review of allocation and reporting of the instruments issued under the Framework, following previous reviews in January 2021, March 2022, March 2023 and March 2024.<sup>3,4,5,6</sup>

#### Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and NORD/LB CBB's reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

**Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs**

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
<b>Renewable Energy</b>	<p>Financing of the purchase, design, construction, development and/or installation of the generation of renewable energy from the following renewable energy sources:</p> <ul style="list-style-type: none"> <li>- On- and offshore wind power</li> <li>- Solar power</li> </ul>	<ul style="list-style-type: none"> <li>- Total installed capacity of renewable energy (in MW)</li> <li>- Annual (expected) production of renewable energy (in MWh)</li> <li>- Total capacity of renewable energy facilitated through connection, transmission, transformation and storage (in MW)</li> <li>- Avoided greenhouse gas emissions from the production and facilitation of renewable energy emissions (annual avoided greenhouse gas emissions in tons of CO<sub>2</sub> equivalents)</li> </ul>

<sup>1</sup> NORD/LB Luxembourg S.A. Covered Bond Bank, "Green Bond Framework", (2019), at: <https://www.nordlb.lu/page/docManager/docs/579/NORDLB%20CBB%20Green%20Bond%20Framework%20as%20of%2030%20Sep%202019.pdf>

<sup>2</sup> Sustainalytics, "Second-Party Opinion: NORD LB/CBB", (2019), at: <https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nord-lb-covered-bond-bank-green-bond-framework-second-party-opinion.pdf>

<sup>3</sup> Sustainalytics, "Annual Review: NORD LB/CBB", (2021), at: [https://www.nordlb.lu/page/docManager/docs/798/NORDLB%20CBB%20Allocation%20Report%20as%20of%2031%20Dec%202020\\_Final.pdf](https://www.nordlb.lu/page/docManager/docs/798/NORDLB%20CBB%20Allocation%20Report%20as%20of%2031%20Dec%202020_Final.pdf)

<sup>4</sup> Sustainalytics, "Annual Review: NORD LB/CBB", (2022), at: <https://www.nordlb.lu/page/docManager/docs/857/NORDLB%20CBB%20Allocation%20Report%20as%20of%2031%20Dec%202021.pdf>

<sup>5</sup> Sustainalytics, "Annual Review: NORD LB/CBB", (2023), at: <https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/nord-lb-cbb-green-covered-bond-annual-review-2023.pdf>

<sup>6</sup> Sustainalytics, "Annual Review: NORD LB/CBB", (2024), at: <https://www.nordlb.lu/page/docManager/docs/955/NORDLB%20CBB%20Allocation%20Report%20as%20of%2031%20Dec%202023.pdf>



## Issuer's Responsibility

NORD LB/CBB is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

## Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from the 2020 Green Covered Bond. The work undertaken as part of this engagement included collection of documentation from NORD LB/CBB and a review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by NORD LB/CBB. Sustainalytics is not responsible, nor shall it be held liable, for any inaccuracies in the opinions, findings or conclusions herein 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 of the review.

## Conclusion

Based on the limited assurance procedures conducted,<sup>7</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the Framework. NORD LB/CBB has disclosed to Sustainalytics that 86.53% of the proceeds from the 2020 Green Covered Bond were allocated as of 31 December 2024, and the remaining 13.47% of proceeds were allocated to renewable or green bonds as outlined in the Framework's criteria.

## Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Expenditures to determine alignment with the use of proceeds criteria outlined in the Framework	The Nominated Expenditures comply with the use of proceeds criteria.	None
Reporting Criteria	Verification of the Nominated Expenditures to determine if impact was reported in line with the KPIs outlined in the Framework	NORD LB/CBB reported on at least one KPI per use of proceeds category.	None

<sup>7</sup> Sustainalytics' limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

## Appendices

### Appendix 1: Allocation Reporting

Table 3. Allocation Reporting for Eligible Project

Use of Proceeds Category	Project Type	Number of Projects	Allocated Amount (EUR million)
Renewable Energy	Onshore Wind	17	235.60
	Solar	5	24.00
Total Amount Allocated			259.60
Total Proceeds Unallocated			40.40 <sup>a</sup>
Total Net Proceeds Raised			300.00

### Appendix 2: Reported Impact

Table 4. Reported Impact for Eligible Projects

Use of Proceeds Category	Project Type	Environmental Impact Reported by Eligibility Criteria <sup>a</sup>			
		Average Portfolio lifetime (years)	Total installed capacity of renewable energy (MW)	Annual expected production of renewable energy (MW)	Avoided GHG emissions from the production and facilitation of renewable energy per EUR 1 million in cover projects (tCO <sub>2</sub> e)
Renewable Energy	Onshore Wind	4.3	658	1,905,211	363.6 <sup>10</sup>
	Solar		50	51,071	

<sup>a</sup> The proceeds from the issue of the NORD/LB CBB Green Covered Bond had been fully allocated at the time of issuance. As of December 2024, the unallocated proceeds were invested in other green bonds, as mentioned in the Framework.

<sup>9</sup> NORD/LB CBB has communicated to Sustainalytics that the estimated impact assessment is based on production data for projects in operation, according to net P50 (P50 is the assumption that the predicted wind yield will not fall below predicted wind production based on a 50% probability).

<sup>10</sup> The estimation is based on the baseline CO<sub>2</sub> equivalent emissions per kWh in the respective countries where the projects are located.

## 7. Appendix

The Luxembourg Financial Sector Act<sup>1</sup> 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 <sub>2</sub>	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

<sup>1</sup> Source: Luxembourg Law of 22 June 2018, amending the Law of 5 April 1993 on the financial sector

## Disclaimer

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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](http://www.nordlb.lu).

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