

## REPORT REVIEW

# Deutsche Kreditbank AG Impact & Allocation Reporting 2023

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6 November 2024

## VERIFICATION PARAMETERS

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- |                             |   |
|-----------------------------|---|
| <b>Type(s) of reporting</b> | <ul style="list-style-type: none"> <li>Green and social bond impact and allocation reporting</li> </ul>   |
| <b>Relevant standard(s)</b> | <ul style="list-style-type: none"> <li>Harmonised Framework for Impact Reporting, ICMA, June 2024</li> <li>Harmonised Framework for Impact Reporting for Social Bonds, ICMA, September 2024</li> <li>Deutsche Kreditbank AG's Impact &amp; Allocation Reporting (as of Oct. 25, 2024)</li> <li>Deutsche Kreditbank AG's Green Bond Framework (as of July 1, 2020)</li> <li>Deutsche Kreditbank AG's Social Bond Framework (as of September 2018)</li> </ul> |

ISIN	Bond pool	Maturity Date	Issuance Amount (EUR)
DE000GRN0016	Green	Sep 26, 2024	500 million
DE000GRN0024	Green	Feb 23, 2026	500 million
DE000SCB0005	Social	Feb 10, 2028	500 million
DE000SCB0013	Social	Jun 4, 2029	6.8 million
DE000SCB0021	Social	Nov 7, 2029	500 million
DE000SCB0039	Social	May 5, 2032	500 million
DE000SCB0047	Social	Jan 31, 2035	750 million

- |                  |   |
|------------------|---|
| <b>Lifecycle</b> | <ul style="list-style-type: none"> <li>Post-issuance verification</li> </ul>  |
| <b>Validity</b>  | <ul style="list-style-type: none"> <li>As long as no changes are undertaken by the Issuer to its impact and allocation reporting as of Oct. 25, 2024</li> </ul> |

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## SCOPE OF WORK

Deutsche Kreditbank AG (“the Issuer” or “DKB”) commissioned ISS-Corporate to provide a Report Review<sup>1</sup> on its Impact & Allocation Reporting by assessing:

1. The alignment of the DKB’s Impact & Allocation Reporting with the commitments set forth in its Green Bond Framework (as of July 2020) and Social Bond Framework (as of September 2018).<sup>2</sup>
2. DKB’s Impact & Allocation Reporting, benchmarked against the Harmonised Framework for Impact Reporting (HFIR), updated June 2024, and Harmonised Framework for Impact Reporting for Social Bonds (HFIRSB), updated September 2024, as administered by the International Capital Market Association (ICMA).
3. The disclosure of proceeds allocation and soundness of reporting indicators — whether the impact metrics align with best market practices and are relevant to the green and social bonds issued.

<sup>1</sup> A limited or reasonable assurance is not provided on the information presented in DKB’s Impact & Allocation Reporting. A review of the use of proceeds allocation and impact reporting is solely conducted against the core principles and recommendations of ICMA’s standards (Green and Social Bond Principles) where applicable, and the criteria outlined in the underlying Framework. The assessment is solely based on the information provided in the allocation and impact reporting. The Issuer is responsible for the preparation of the report, including the application of methods and internal control procedures designed to ensure that the subject matter is free from material misstatement.

<sup>2</sup> The Green Bond Framework was assessed as aligned with the Draft Model of the EU Green Bond Standard as of July 1, 2020, and the Social Bond Framework was assessed as aligned with the Social Bond Principles as of March 25, 2022.

## ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
<p><b>Part I</b></p> <p><b>Alignment with the Issuer's commitments set forth in the Framework</b></p>	<p>DKB's Impact &amp; Allocation Reporting meets the Issuer's commitments set forth in the Green Bond Framework and Social Bond Framework. The proceeds have been used to (re)finance wind and solar photovoltaic projects, social housing, public supply, health and care, and education and research projects, in accordance with the eligibility criteria defined in the Framework.</p>	<p><b>Aligned</b></p>
<p><b>Part IIA</b></p> <p><b>Alignment with the HFIR</b></p>	<p>The Impact &amp; Allocation Reporting is in line with the HFIR. The Issuer follows core principles and, where applicable, key recommendations.</p> <p>DKB provides transparency on the level of expected reporting and on the frequency, scope and duration, aligned with best market practices. DKB adhered to the core principles by generally reporting the allocation from green bonds annually, illustrating the environmental impacts generated by the green bonds and the ESG risk management process, and disclosing the currency associated with the allocation of green bond proceeds.</p>	<p><b>Aligned</b></p>
<p><b>Part IIB</b></p> <p><b>Alignment with the HFIRSB</b></p>	<p>The Impact &amp; Allocation Reporting is in line with the HFIRSB. The Issuer follows core principles and, where applicable, key recommendations.</p> <p>DKB provides transparency on the level of expected reporting and on the frequency, scope and duration, aligned with best market practices. DKB adhered to the core principles by generally reporting the allocation from social bonds annually, applying a formal internal process to track proceeds, outlining the allocation of proceeds to the respective social project categories, identifying the target population benefiting from the social project categories, when relevant, outlining the outcome of the social categories through impact indicators, and illustrating the social impacts generated by the social bonds.</p>	<p><b>Aligned</b></p>

**Part III****Disclosure of proceeds allocation and soundness of reporting indicators**

The allocation of the bonds' proceeds has been disclosed, with a detailed breakdown across different eligible project categories as proposed in the Framework.<sup>3</sup>

DKB's Impact & Allocation Reporting has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculation methodologies and granularity, reflecting best market practices.

**Positive**

<sup>3</sup> The assessment is based on the information provided in the Issuer's report. The Issuer is responsible for the preparation of the report, including the application of methods and procedures designed to ensure that the subject matter is free from material misstatement.

## REPORT REVIEW ASSESSMENT

### PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE GREEN BOND FRAMEWORK<sup>4</sup> AND SOCIAL BOND FRAMEWORK<sup>5</sup>

The following table evaluates the Impact & Allocation Reporting against the commitments set forth in DKB's Green Bond Framework and Social Bond Framework, which are based on the core requirements of the Green Bond Principles and Social Bond Principles and best market practices.

GBP AND SBP	OPINION	ALIGNMENT WITH COMMITMENT
<b>1. Use of Proceeds</b>	<p>DKB confirms to follow the use of proceeds description provided by its Green Bond Framework and Social Bond Framework. The report is in line with the initial commitments set the frameworks. The proceeds have been used to (re)finance wind and solar photovoltaic projects, social housing, public supply, health and care, and education and research projects.</p> <p>The Issuer's green and social categories align with the project categories and are in accordance with the eligibility criteria set in its Green Bond Framework and Social Bond Framework. Environmental and social benefits at the category level are described and quantified.</p> <p>The Issuer defines the percentage of assets that are refinanced or financed (100% refinancing), in line with best market practice.</p>	✓
<b>2. Process for Project Evaluation and Selection</b>	<p>DKB confirms to follow the process for project evaluation and selection description provided by its Green Bond Framework and Social Bond Framework. The report is in line with the initial commitments set in the frameworks.</p>	✓

<sup>4</sup> DKB's Green Bond Framework was assessed as aligned with the Draft Model of the EU Green Bond Standard as of July 1, 2020.

<sup>5</sup> DKB's Social Bond Framework was assessed as aligned with the Social Bond Principles (2018 version) as of March 25, 2022.

	<p>For green projects, various departments at DKB were involved (the market unit for new energies, public affairs and sustainability, and treasury) in the selection process to guarantee that the selection criteria were respected, and the selected loans complied with DKB's core bank system as defined in the Green Bond Framework. For social projects, various departments in DKB were involved in assessing the eligibility of social projects: housing, energy and utilities, public affairs and sustainability, collateral service and treasury.</p> <p>The projects selected are defined and structured in a congruous manner. The Issuer ensures compliance with the eligibility criteria. ESG risks associated with the project categories are identified and managed appropriately.</p> <p>The Issuer involves various stakeholders in the process for project evaluation and selection, in line with best market practices.</p>	
<p><b>3. Management of Proceeds</b></p>	<p>DKB confirms to follow the management of proceeds description provided by its Green Bond Framework and Social Bond Framework. The report is in line with the initial commitments set in the frameworks. As long as green or social bonds are outstanding, DKB ensures that loan volume is at least equivalent to the issue volumes of the outstanding bonds. The allocated loans are earmarked in DKB's core banking system (OSPlus) and if loans no longer qualify for the green or social bond pool, they will be removed and, if necessary, replaced by other loans that meet the respective selection criteria.</p> <p>The proceeds collected are equal to the amount allocated to eligible projects, with no exceptions. The proceeds are tracked in appropriately and attested in a formal internal process. Moreover, the Issuer confirms that proceeds are allocated immediately because the proceeds are used to refinance existing projects.</p>	<p>✓</p>
<p><b>4. Reporting</b></p>	<p>DKB's impact reporting is consistent with the reporting description provided by its Green Bond</p>	<p>✓</p>

	<p>Framework and Social Bond Framework. The report is in line with the initial commitments set in the frameworks: to publish an Impact and Allocation Report annually during the term of the respective green or social bond.</p> <p>The allocation reporting and impact reporting sections of the Impact &amp; Allocation Reporting comply with the preissuance commitment expressed in the frameworks. The report is intended to be publicly available.</p> <p><i>Further analysis of this section is available in Part III of this report.</i></p>	
<p><b>5. Verification</b></p>	<p>ISS-Corporate provided a second-party opinion on DKB's Green Bond Framework and Social Bond Framework.</p>	



## PART IIA: ASSESSMENT AGAINST THE HARMONISED FRAMEWORK FOR IMPACT REPORTING

### FOR GREEN BONDS

Reporting is a core component of the Green Bond Principles and transparency is of particular value in communicating the expected and/or achieved impact of projects in the form of annual reporting. Green bond issuers are required to report on both the use of green bond proceeds and the environmental impacts at least annually until full allocation or maturity of the bond. The HFIR has been chosen as benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates DKB’s Impact & Allocation Reporting against the HFIR.

CORE PRINCIPLES		
ICMA HFIR	IMPACT & ALLOCATION REPORTING	ASSESSMENT
Reporting on an annual basis	<p>The green bonds have been issued in 2016, 2017 and 2021, and since 2016 DKB has reported annually within one year of issuance, except for 2020 due to the COVID-19 pandemic. However, no new bonds were issued in 2020 and the 2019 report confirmed full allocation of the bonds’ proceeds in 2019 or before.</p> <p>All the proceeds have been used to refinance wind and photovoltaic projects immediately. The report will be available on DKB’s website.</p>	✓
Illustrating the environmental impacts or outcomes	<p>The assessment and measurement of the impacts generated by DKB’s green bond(s) are related to the wind and photovoltaic projects refinanced covering:</p> <ol style="list-style-type: none"> <li>Annual GHG emissions reduced/avoided in metric tons of CO<sub>2</sub></li> <li>Rated power in kilowatts (kWp)</li> <li>Energy produced in kilowatt hours per year (kWh p.a.)</li> <li>Number of supplied two-person households</li> </ol>	✓

<p>ESG risk management</p>	<p>DKB has respected its ESG risk management process, in line with its frameworks.</p>	<p>✓</p>
<p>Allocation of proceeds — transparency on the currency</p>	<p>DKB reports the proceeds allocated to eligible projects within the green categories of its Green Bond Framework. The asset pool volume (EUR 2,277 million) exceeds the total proceeds (EUR 1,000 million) in 2023 and is composed of wind and photovoltaic projects.</p> <p>Allocated proceeds correspond to financings in euros.</p>	<p>✓</p>

**RECOMMENDATIONS**

ICMA HFIR	IMPACT & ALLOCATION REPORTING	ASSESSMENT
<p>Define and disclose period and process for project evaluation and selection</p>	<p>The loans concern wind or photovoltaic projects only. In addition, the loans selected for the green bond pool are subject to further conditions:</p> <p><b>Selection criteria</b></p> <ul style="list-style-type: none"> <li>▪ Only DKB house bank loans</li> <li>▪ Exclusively project financing</li> <li>▪ Only in Germany</li> <li>▪ Only onshore</li> <li>▪ Minimum loan amount per project</li> </ul> <p><b>Dynamic selection criteria</b></p> <ul style="list-style-type: none"> <li>▪ Selected legal forms</li> <li>▪ Minimum internal rating</li> </ul> <p>Additionally, there is a reevaluation process occurring at least annually to determinate whether the selected projects still comply with the selection criteria.</p>	<p>✓</p>
<p>Disclose total amount of proceeds allocated to eligible disbursements</p>	<p>A total of EUR 1,000 million has been raised through DKB's green bonds. 100% of the proceeds has been allocated to green assets.</p>	<p>✓</p>

Formal internal process for the allocation of proceeds and to report on the allocation of proceeds	The Issuer followed a transparent process for the allocation of proceeds.	✓
Report at project or portfolio level	The Impact & Allocation Reporting includes the total amount of proceeds allocated per eligible project category, type within categories and per geographical breakdown (provinces).	✓
Describe the approach to impact reporting	The Issuer identifies the specific eligible projects and clearly defines, for each project, the total project's allocated proceeds.	✓
Report the estimated lifetime results and/or project economic life (in years)	DKB does not report on lifetime impacts of projects.	-
Ex-post verification of specific projects	There is no ex-post verification of specific projects.	-
Report on at least a limited number of sector specific core indicators	<p>DKB reports on CO<sub>2</sub> emissions saved, rated power, energy produced and number of households supplied with renewable energy. These are core indicators for the renewable energy sector.</p> <p>A description of core environmental impacts for each target area is available in the report:</p> <ul style="list-style-type: none"> <li>▪ Annual GHG emissions reduced/avoided in metric tons of CO<sub>2</sub></li> <li>▪ Nominal power (kWp)</li> <li>▪ Energy (production) in kilowatt hours per year (kWh p.a.)</li> <li>▪ Number of two-person households supplied with renewable energy (p.a.)</li> </ul>	✓
If there is no single commonly used standard, issuers may	To calculate the CO <sub>2</sub> avoidance in the photovoltaic and wind power projects, the Issuer has disclosed the methodology by using CO <sub>2</sub> emission factor, a data point published by the	✓

<p>follow and disclose their own calculation methodologies</p>	<p>Federal Environment Agency for domestic electricity consumption for the German electricity mix.</p> <p>To determine the number of two-person households served by the renewable energy projects, the Issuer used the energy yield and energy consumption of private households in Germany published by the Federal Statistical Office as basis for the calculation methodology.</p> <p>To calculate the energy yield for wind turbines, the Issuer used two independent yield reports for each of the wind project calculations and also used an independent energy yield report to calculate the expected future electricity yields for the photovoltaic projects.</p>	
<p>Disclosure on the conversion approach (if applicable)</p>	<p>The Issuer has disclosed the conversion approach in the calculation methodology of CO<sub>2</sub> avoided for the wind and photovoltaic projects.</p>	<p>✓</p>
<p>Projects with partial eligibility</p>	<p>The Issuer has not financed partially eligible projects.</p>	<p>-</p>
<p>When the expected impacts of different project components may not be reported separately, Issuers may use (and disclose) the attribution approach</p>	<p>DKB has reported expected impacts of project components. As such, this requirement is not applicable.</p>	<p>-</p>

OPINION

DKB follows the HFIR’s core principles and some key recommendations. DKB provides transparency on the level of expected reporting and on the frequency, scope and duration, aligned with best market practices. DKB adhered to the core principles by generally reporting the allocation from green bonds annually, illustrating the environmental impacts generated by the green bonds and the ESG risk management process, and disclosing the currency associated with the allocation of green bond proceeds.

## PART IIB: ASSESSMENT AGAINST THE HARMONISED FRAMEWORK FOR IMPACT REPORTING FOR SOCIAL BONDS

### FOR SOCIAL BONDS

Reporting is a core component of the Social Bond Principles and transparency is of particular value in communicating the expected and/or achieved impact of projects in the form of annual reporting. Social bond issuers are required to report on both the use of social bond proceeds and the social impacts at least annually until full allocation. The HFIRSB has been chosen as benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates DKB’s Impact & Allocation Reporting against the HFIRSB.

CORE PRINCIPLES		
ICMA HFIRSB	IMPACT & ALLOCATION REPORTING	ASSESSMENT
Reporting on an annual basis	DKB has reported within one year of issuance on an annual basis since social bond issuances in 2018, except for 2020 due to the COVID-19 pandemic. However, no new bonds were issued in 2020 and the 2019 report confirmed full allocation of the bonds’ proceeds in 2019. All the proceeds have been fully allocated in 2023. The report will be available on DKB’s website.	✓
Formal internal process to track proceeds	DKB confirms project selection and management of proceeds to be in line with the criteria set forth in the underlying framework.	✓
Allocation of the proceeds to social project categories	In accordance with the criteria established within the framework, in compliance with the Social Bond Principles, DKB allocated the net proceeds of the bond issued under its Social Bond Framework to existing eligible assets within the following categories: <ul style="list-style-type: none"> <li>▪ Social housing</li> <li>▪ Public supply</li> <li>▪ Health and care</li> <li>▪ Education and research</li> <li>▪ Inclusion</li> </ul>	✓
Target population(s) identified	In this case, funded projects cover essential services that might affect a specific target	✓

	<p>population (e.g., workshop for disabled people, housing solutions provided by social housing providers) or a general one (e.g., access to education, access to healthcare).</p> <p>The Issuer adopted the growing and shrinking cities and communities in Germany indicator created by the <a href="#">Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR)</a>. The indicator is derived from the analysis of population data and other key socioeconomic figures such as total migration balance, job development and the development of the employable, the unemployment rate, and the trade tax capacity. The indicator can then show which regions in Germany are shrinking, growing or showing no clear direction of socioeconomic development. DKB commits to serve its customers in shrinking communities equally to those in other communities.</p>	
<p>Output, outcome and/or impact of projects at project or portfolio level</p>	<p>The Issuer referred to existing indicator lists and catalogs from Annex III of the HFIRSB:</p> <ul style="list-style-type: none"> <li>▪ Number of residents benefiting from the municipal housing and housing cooperatives</li> <li>▪ Number of residents provided with water supply and water sanitation</li> <li>▪ Volume of water treated by sanitation and water supply projects (1,000 m<sup>3</sup>)</li> <li>▪ Number of patients reached through the health and care program</li> <li>▪ Number of inhabitants reached through the educational and research program</li> </ul> <p>DKB mapped loan volume in the social loan pool to the Social Bond Principles categories and Sustainable Development Goals. The Issuer also mapped the loan volumes to the different BBSR regions by the following breakdown: no clear direction of development, shrinking, disproportionately shrinking, above-average growth, and growing.</p>	<p style="text-align: right;">✓</p>

	A detailed analysis of impact indicators is available in Part III of this report.	
Illustrating of the social impacts	<p>The assessment and measurement of the impacts generated by DKB’s social bonds covered the following areas:</p> <ul style="list-style-type: none"> <li>▪ Number of residents benefiting from the municipal housing and housing cooperatives</li> <li>▪ Number of residents benefiting from the water supply and sanitation projects</li> <li>▪ Number of patients reached by health and care services</li> <li>▪ Number of inhabitants reached by the education and research program</li> </ul>	✓
Prorated share of the overall impact results of the projects or portfolio of projects	The Issuer does not report the prorated share of the overall impact results of the projects or portfolio of projects as DKB is financing 100% share of projects.	N/A

**RECOMMENDATIONS**

ICMA HFIRSB	IMPACT & ALLOCATION REPORTING	ASSESSMENT
Disclose the methodology and the assumptions used for the calculation of impact indicators	The Issuer reports on actual absolute output indicators and quantitative impact indicators.	✓
When the expected impacts of different project components may not be reported separately, issuers may use (and disclose) the attribution approach	The impact of DKB’s projects is reported separately per category and subcategory on an aggregated basis.	✓
Disclose the methodology used to determine the share of eligible project financing being	The financed projects in Impact & Allocation Reporting are fully eligible and fully financed by DKB. The resulting impacts from the projects are fully attributed to DKB.	N/A

applied to impact calculation

Collaborating with experts if reporting on the estimated lifetime impacts and/or project economic life in years	DKB does not report on lifetime impacts of projects.	-
Assumptions and ex-post verification	Assumptions are not externally verified and ex-post verification of specific projects is not in place.	-
Reporting period	The entirety of proceeds has been allocated to social assets. However, the issuer did not clearly define and disclose the period for including/excluding projects in their report. As part of its due diligence, the Issuer annually monitors if the loans in the pool still fulfill the eligibility criteria set in the framework.	-
Disbursement reporting	The proceeds from the social bond issuance were used to refinance existing loans.	✓
Projects with partial eligibility	All projects are 100% eligible for financing.	N/A

**OPINION**

*DKB follows the HFIRSB’s core principles and some key recommendations. The Issuer provides transparency on the level of expected reporting and on the frequency, scope and duration, aligned with best market practices. DKB adhered to the core principles by generally reporting the allocation from social bonds annually, outlining the allocation of proceeds to the respective social project categories, and identifying the target population benefiting from the social project categories.*



## PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE IMPACT REPORTING INDICATORS

### Use of proceeds allocation

Use of proceeds allocation reporting is key to putting the impacts into perspective with the number of investments allocated to the respective use of proceeds categories.

The use of proceeds allocation reporting occurred within one year of the green and social bond issuances in 2023, after full allocation of the proceeds.

This is the seventh year of allocation reporting for green bonds and fifth year of allocation reporting for social bonds. 100% of bond proceeds have been allocated to refinance existing loans in 2023, compared with the 100% of allocation in 2022. The use of proceeds allocation reporting occurred within the regular annual cycle from the issuance.

### Proceeds allocated to eligible projects/assets

The proceeds allocation is broken down at the project category level. The Issuer has provided details about the type of projects included in the green and social loan portfolios. The Issuer included the number of loans and loan volume allocated to photovoltaic and wind projects within the green bond pool, and the loan volume allocated to public housing, water supply and sanitation, health and care, education and research, and inclusion projects within the social bond pool.

Moreover, DKB confirms that the projects included in the previous Impact & Allocation Reporting have been removed from this year's report and allocation register as they no longer meet the eligibility criteria outlined in the framework, with most removals resulting from rating downgrades of specific loans. The planned allocation amount has been redirected to other and newly added projects. However, such information was not reflected in the allocation report.

The allocation report section of DKB's 2023 Impact & Allocation Reporting aligns with best market practices by providing information on:

- The number of projects (re-)financed
- 100% of proceeds allocated to refinance underlying loans
- The size of the green and social assets pool (EUR 2,277 million in green bond proceeds, EUR 4,622 million social bond proceeds)
- The allocation to different BBSR regions by loan volume associated to the social bond pool
- The number of wind and photovoltaic projects by geographical breakdown within the green bond pool
- The style of photovoltaic systems and distribution of wind turbines within the green bond pool

Impact reporting indicators

The table below presents an independent assessment of the Issuer’s report and disclosure on the output, outcome and/or impact of projects/assets using impact indicators.

ELEMENT	ASSESSMENT
<p><b>Relevance</b></p>	<p>The impact indicators chosen by the Issuer for this bond are the following:</p> <p><b>Green bond pool</b></p> <ul style="list-style-type: none"> <li>▪ Annual GHG emissions reduced/avoided in metric tons of CO<sub>2</sub></li> <li>▪ Nominal power (kWp)</li> <li>▪ Energy (production) in kilowatt hours per year (kWh p.a.)</li> <li>▪ Number of two-person households supplied with renewable energy (p.a.)</li> </ul> <p><b>Social bond pool</b></p> <ul style="list-style-type: none"> <li>▪ Number of residents benefiting from the municipal housing and housing cooperatives</li> <li>▪ Number of residents provided with water supply and water sanitation</li> <li>▪ Volume of water treated by sanitation and water supply projects (1,000 m<sup>3</sup>)</li> <li>▪ Number of patients reached through the health and care program</li> <li>▪ Number of Inhabitants reached through the educational and research program</li> <li>▪ Loan volume mapped to the Social Bond Principles</li> <li>▪ Loan volume mapped to the Sustainable Development Goals</li> <li>▪ Loan volume mapped to BBSR indicator distribution</li> <li>▪ DKB financing share as a percentage of the total investment volume in Germany</li> </ul> <p>These indicators are quantitative and material to the use of proceeds categories financed through these bonds and are broadly in line with the HFIR’s suggested impact reporting metrics for green and social projects.</p> <p>All of the above indicators, except for the last four indicators within the social bond pool, are within the HFIR’s suggested impact reporting metrics.</p>

















<p><b>Data sourcing and methodologies of quantitative assessment</b></p>	<p>For its green bond impact indicator(s), the Issuer uses net wind yield or the actual feed-in into the grid to calculate the energy generation in wind projects. For photovoltaic projects, the Issuer uses the specific yield by calculating the energy produced. After getting the energy generation results for the wind and photovoltaic projects, the Issuer used the CO<sub>2</sub> emission factor<sup>6</sup> to calculate the CO<sub>2</sub> avoided annually. The Issuer also outlined the calculation methodologies for rated power in kW(p), the energy yield in kWh p.a., and determination of the two-person households served. Sources from external databases include the Federal Statistical Office, the Federal Environment Agency, and the German Association of Energy and Water Industries. The impact reporting indicators, except the number of two-person households served within the green bond pool, are aligned with the core indicators proposed by the HFIR.</p> <p>For social bond impact indicators, the Issuer has disclosed calculation methodologies. In addition, the Issuer has disclosed external sources used for the impact calculation such as the Berlin rent index (Berliner Mietspiegel) 2019-2023, the Federal Ministry of Housing, Urban Development and Building, Engel &amp; Völkers' 2024 rent index, the 2023 IBB Housing Market Report, the German Association of Energy and Water Industries 2023 press release and "wastewater data for Germany 2023" report, the German Federal Statistical Office, and the Organization for Economic Co-operation and Development. All of the social bond impact indicators — except for the SDG mapping, loan volume mapped to the SBP, regional distribution of loans according to BBSR, and DKB financing share compared investment volume in Germany — are in line with the core indicators proposed by the HFIRSB.</p> <p>Please note that both the green bond and social bond impact indicators are not verified externally.</p>
<p><b>Baseline selection</b></p>	<p>The Issuer has opted to use the 2022 CO<sub>2</sub> emission factor published by the Federal Environment Agency for domestic electricity consumption for the German electricity mix as a baseline to calculate the CO<sub>2</sub> avoided (in metric tons) by the photovoltaic and wind projects within the green bond pool.</p> <p>For its social bonds impact indicator, specifically for the municipal housing cooperatives from the social housing category, DKB</p>

<sup>6</sup> DKB adopted 434 g/kWh as CO<sub>2</sub> emission factor as of 2022 to calculate CO<sub>2</sub> emissions avoided. According to DKB, the CO<sub>2</sub> emission factor is published by the Federal Environment Agency for domestic electricity consumption for the Germany electricity mix.

	confirms to follow the <a href="#">rent index</a> value from Berliner Mietspiegel 2019-2023 as a baseline.
<b>Scale and granularity</b>	For green and social bonds, the impact data is presented at the use of proceeds category level for the indicators.

High-level mapping of the impact indicators with the U.N. Sustainable Development Goals

Based on the project categories financed and refinanced by the bonds as disclosed in DKB's 2023 Impact & Allocation Reporting, the impact indicator(s) adopted by DKB for its Impact & Allocation Reporting can be mapped to the following SDGs, according to ISS ESG SDG Solutions (SDGA), a proprietary methodology designed to assess the impact of an Issuer's product or services on the U.N. SDGs.

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
<b>Saved CO<sub>2</sub> emissions (metric tons/year)</b>	 
<b>Nominal power in kilowatts (kW)</b>	 
<b>Energy (production) in kilowatt hours per year (kWh, p.a.)</b>	 
<b>Number of two-person households supplied by wind and photovoltaic projects (p.a.)</b>	 
<b>Number of residents benefiting from the municipal housing and housing cooperatives).</b>	  
<b>Number of residents provided with water supply and water sanitation.</b>	 
<b>Volume of water treated by sanitation and water supply projects (m<sup>3</sup>)</b>	
<b>Number of patients reached through the health and care program</b>	
<b>Number of inhabitants reached through the educational and research program</b>	

## OPINION

*The allocation of the bonds' proceeds has been disclosed, with a detailed breakdown across different eligible project categories as proposed in DKB's Green Bond Framework and Social Bond Framework. DKB's 2023 Impact & Allocation Reporting has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculation methodologies and granularity, reflecting best market practices. In addition, the impact indicators used align with best market practices using ICMA's recommended metrics in the HFIR and HFIRSB.*

## DISCLAIMER

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## ANNEX 1: Methodology

### Review of the post-issuance Reports

The ISS-Corporate Report Review provides an assessment of labeled transactions reporting against international standards using ISS-Corporate's proprietary [methodology](#).

### High-level mapping to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using proprietary methodology based on ICMA's Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals, the extent the Issuer's reporting and project categories contribute to related SDGs is identified.



## ANNEX 2: Quality management processes

### ISSUER'S RESPONSIBILITY

The Issuer's responsibility was to provide information and documentation on:

- Impact & Allocation Reporting
- Green Bond Framework and Social Bond Framework
- Proceeds allocation
- Reporting impact indicators
- Methodologies and assumptions for data gathering and calculation
- ESG risk management

### ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent Report Review has been conducted by following the ICMA Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews, and its methodology, considering, when relevant, the ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

The engagement with DKB took place from August to November 2024.

### ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## About this Report Review

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses the alignment of the Issuer's report with external principles (e.g., the Green/Social Bond Principles), analyzes the alignment of the Issuer's report against the commitments in the respective framework, and analyzes the disclosure of proceeds allocation, data source and calculation methodologies of the reporting indicators against best market practices. Following these guidelines, we draw up an independent Report Review so investors are as well-informed as possible about the proceeds allocation and the impact of the sustainability finance instrument(s).

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>.

For information on Report Review services, contact: [SPOsales@iss-corporate.com](mailto:SPOsales@iss-corporate.com).

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