Deutsche Kreditbank AG (DKB)

Credit institution | LEI 529900K16YGKC88ES892 | Update 01.03.2019 | imug_Sustainability_Strategy_2.0

### Issuer Performance
Ranks based on imug's sustainability strategy

#### Sustainability Rating
- **Correspondence & transparency**: Survey filled in and sent back.
- **Rank in Bank type**: 4/57
- **Rank in Region**: 16/159
- **Sustainability Rating**: 43.61% ±100%

### Bond Performance

#### Mortgage Covered Bonds
- **Rank in Bank type**: 4/57
- **Rank in Region**: 16/159
- **Sustainability Rating**: 57.44% ±100%

#### Public Sector Covered Bonds
- **Sustainability Rating**: 77.44% ±100%

### Historical Data
Based on imug's sustainability strategy

- **Performance**
- **Average**

<table>
<thead>
<tr>
<th>Year</th>
<th>Performance</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>38.16%</td>
<td>44.93%</td>
</tr>
<tr>
<td>2017</td>
<td>16.45%</td>
<td>6.71%</td>
</tr>
<tr>
<td>2018</td>
<td>21.45%</td>
<td>21.45%</td>
</tr>
</tbody>
</table>

### ESG Performance
Based on imug's sustainability strategy

<table>
<thead>
<tr>
<th>Category</th>
<th>Performance</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>4.33%</td>
<td>33.33%</td>
</tr>
<tr>
<td>Social</td>
<td>20.33%</td>
<td>55.56%</td>
</tr>
<tr>
<td>Governance</td>
<td>8.57%</td>
<td>47.62%</td>
</tr>
</tbody>
</table>

### Key Issues
Based on imug's sustainability strategy

<table>
<thead>
<tr>
<th>Category</th>
<th>Performance</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products</td>
<td>-12.75%</td>
<td>21.28%</td>
</tr>
<tr>
<td>Controversial Issues</td>
<td>-2.41%</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Environmental impact</td>
<td>-25%</td>
<td>0%</td>
</tr>
</tbody>
</table>
Management of risks & opportunities
Materiality & performance matrix

**STRENGTH**
- SOC 2.1 diversity and well-being
- SOC 2.3 employment security
- GOV 3.1 compliance: policy
- GOV 3.3 compliance: disclosure
- GOV 3.4 remuneration

**ENV 1.1 environmental business operations**
- SOC 2.2 employee attraction and retention
- GOV 3.2 compliance: management system
- GOV 3.5 integrated ESG risk management
- GOV 3.6 responsible banking & customer protection
- GOV 3.8 secrecy jurisdictions & tax avoidance overall
- PRO 4.4 human rights commitment
- PRO 4.6 controversial weapons
- PRO 4.8 coal

**WEAKNESS**
- PRO 4.3 environmental impact
- PRO 4.5 labour rights commitment

**MATERIALITY OF THE RATING CRITERIA**

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**Analyst Summary**

The financial institution has taken positive measures as regards the management of ESG issues. The financial institution has a business model, which is concentrated on the financing of certain industry sectors, including social and private housing, public services and infrastructure, renewable energy and agriculture.

Furthermore the financial institution shows a good performance in the area of social criteria, while issues relating to environmental criteria have potential for further improvement. Anyway, the financial institution has issued its first green bond recently and discloses details on its renewable energy financing in its secondary opinion reports.

The real estate lending business of Deutsche Kreditbank AG (DKB) exhibits sound measures as regards the management of ESG issues. The real estate lending business of Deutsche Kreditbank AG (DKB) exhibits sound measures as regards the management of ESG issues.

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The financial institution is involved in some controversial issues through its offered investment funds of Bayern Invest, whereas controversial business activities in the area of environmental damage and mis-selling & consumer protection over-weigh.

The financial institution shows a strong performance in the area of products in general, while issues relating to ESG targets for mortgage covered bond pools reflect a need for further improvement.
Involvement in controversies

The controversial research includes an in-depth research of the following topics:

Involvement in controversial business activities: Yes

CON 5.1 alcohol
CON 5.2 animal welfare
CON 5.3 cluster munition & landmines
CON 5.4 coal (power generation)
CON 5.5 conventional weapons
CON 5.6 environmental damage
CON 5.7 food commodities derivatives trading
CON 5.8 gambling
CON 5.9 genetic engineering
CON 5.10 human rights & indigenous people
CON 5.11 labour rights
CON 5.12 land deals / land grabbing
CON 5.13 nuclear (power generation)
CON 5.14 oil & gas (power generation)
CON 5.15 pornography
CON 5.16 tobacco
CON 5.17 toxics
CON 5.18 weapons of mass destruction

CON 5.19 anti-trust law
CON 5.20 breach of trust
CON 5.21 bribery and corruption
CON 5.22 fraud
CON 5.23 government assistance
CON 5.24 insider trading violations
CON 5.25 insolvency
CON 5.26 misselling & consumer protection
CON 5.27 money laundering, terrorist financing & embargo
CON 5.28 other controversial governance issues
CON 5.29 secrecy jurisdictions & controversial tax matters
CON 5.30 transparency: survey response
CON 5.31 unfair treatment of employees, agents and suppliers

Best of same Sector

Sustainability Rating, based on imug’s sustainability strategy

<table>
<thead>
<tr>
<th>GRADE</th>
<th>PERFORMANCE</th>
<th>Aareal Bank AG</th>
<th>Deutsche Kreditbank AG (DKB)</th>
<th>Kommunalkredit Austria AG</th>
</tr>
</thead>
<tbody>
<tr>
<td>positive (BB)</td>
<td>-100%</td>
<td>43.93%</td>
<td>43.61%</td>
<td>36.21%</td>
</tr>
<tr>
<td>positive (B)</td>
<td>-100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Areas of non relevance

- ENV 1.2 environmental impacts of investment and credit portfolio (FROZEN, last updated 2016)
- SOC 2.5 training and employee development (FROZEN, last updated 2016)
- GOV 3.7 secrecy jurisdictions & tax avoidance country-by-country reporting
- GOV 3.10 anti-bribery system (FROZEN, last updated 2016)
- PRO 4.13 mining & metals
- PRO 4.15 forestry & resources
- PRO 4.18 labour rights (policy) (FROZEN, last updated 2016)
- SUP 6.2 Social
- SUP 6.4 Lending Pool Criteria
- SUP 6.6 Military Expenditure
- SUP 6.8 Religious Freedom

- SOC 2.4 equal opportunities system (FROZEN, last updated 2016)
- SOC 2.6 employment security & job creation (FROZEN, last updated 2016)
- GOV 3.9 anti-bribery policy (FROZEN, last updated 2016)
- GOV 3.11 anti-bribery reporting (FROZEN, last updated 2016)
- PRO 4.14 chemical & pharmaceutical activities
- PRO 4.17 human rights & indigenous people (policy) (FROZEN, last updated 2016)
- SUP 6.1 Environment
- SUP 6.3 Governance
- SUP 6.5 Nuclear Power Consumption
- SUP 6.7 Nuclear Weapons
- Ship Financing Business

Areas of non involvement

- CON 5.1 alcohol
- CON 5.7 food commodities derivatives trading
- CON 5.3 cluster munition & landmines
- CON 5.8 gambling

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For further information about imug please visit www.imug.de
Deutsche Kreditbank AG (DKB) is a German credit institution headquartered in Berlin and is the parent company of the DKB Group as well as a wholly owned subsidiary of Bayerische Landesbank. DKB focuses on the three business segments private customers, corporate clients and infrastructure. In the retail banking, the financial institution operates as a direct bank serving 3.25 million private customers. DKB’s corporate clients include customer groups from environmental engineering, agriculture and food, tourism and liberal professions such as lawyers, tax consultants and doctors. The segment infrastructure comprises housing, energy & utilities, healthcare, education, research and public-private-partnership. Next to its Internet banking services, the financial institution offers financial products and services such as loans, deposit banking and real estate financing through its 17 branches in Germany. DKB issues "Öffentliche Pfandbriefe" (Public Sector Covered Bonds), "Hypothekenpfandbriefe" (Mortgage Covered Bonds) and uncovered bonds.

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Ownership structure
Bayerische Landesbank (BayernLB) 100%

Subsidiaries, associated companies, relevant shareholdings
DKB Finance GmbH; DKB Grundbesitzvermittlung GmbH; MVC Unternehmensbeteiligungen GmbH; DKB PROGRES GmbH (each 100%)
Stadtwerke Cottbus GmbH 49.9%; et al.

Contact Details
www.dkb.de