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As of February 2021

**Re: Uncleared Initial Margin Requirements – Documentation requirements**

Dear Sir or Madam

You have entered into one or more ISDA Master Agreements or German Master Agreements with Norddeutsche Landesbank- Girozentrale – (LEI: DSNHHQ2B9X5N6OUJ1236) or another entity in the NORD/LB Group. Other entities incl. NORD/LB Luxembourg S.A. Covered Bond Bank (LEI: CAF7KSNT1N0CTA93RI98) and Deutsche Hypothekenbank (Actien-Gesellschaft) (LEI: 802UEDW6ZEY0W4YCVU89) (all collectively in the following referred to as "NORD/LB").

NORD/LB is required to collect initial margin from you and to post initial margin to you due to regulatory requirements when the exposure between us under those agreements exceeds a threshold amount. NORD/LB is a phase V entity and therefore agreements between NORD/LB and entities of phases I to V are subject to these requirements on and after 01.09.2021.

On 5 March 2019, the Basel Committee on Banking Supervision (BCBS) and the International Organization of Securities Commissions (IOSCO) released a statement on the final implementation phases of the Initial Margin requirements for non-centrally cleared derivatives in which the BCBS and IOSCO noted that the initial margin framework does not specify documentation, custodial or operational requirements, if the bilateral initial margin amount does not exceed the framework's initial margin threshold of 50 Mio. EUR.

Based on our analysis of the nature of the current and in first instance anticipated trading activities between you and NORD/LB, we do not expect that, in the near term, we will be required to collect or to post initial margin under those requirements.

ESMA's proposal to the EU commission from May 2020 for a delegated regulation as regards to the timing of the start of the initial margin obligation for phase V entities will enter into force on September 1<sup>st</sup> 2021 as from February 18, 2021.

As a result, we do not initially intend to enter into documentation to supplement our ISDA Master Agreement(s) or German Master Agreement(s) until we become required to collect and post initial margin. To ensure compliance with the threshold value from 01.09.2021 we have set up an internal monitoring system. We are looking forward to arrange with you bilateral the utilization of the whole initial margin threshold of 50 Mio. EUR und coordinate with you the practice of monitoring the threshold value.

Kind regards

NORD/LB