



# Green Finance

ECB Money Market Contact Group – Harald Endres

1. December 2020

**DKB**  
Das kann Bank

# European green bonds

## European issuance of green bonds

(EUR billions)

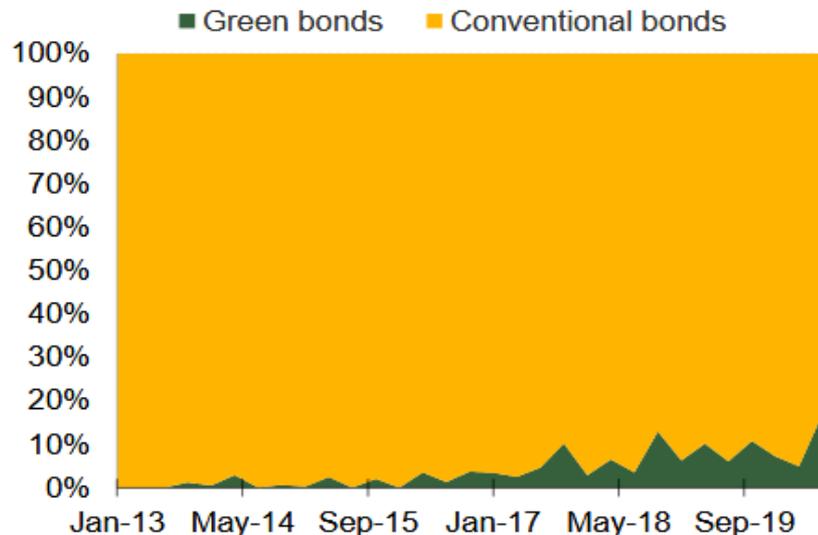


Source: Dealogic.

Note: Last observation 24 September, projection for Q4 is based on September 2020 figures.

## Share of IG green bonds in global gross issuance

(in %, based on EUR data)



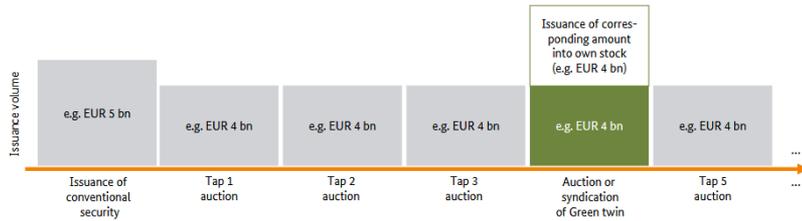
Source: Dealogic. Note: Quarterly data.

Last observation: 24 September 2020.

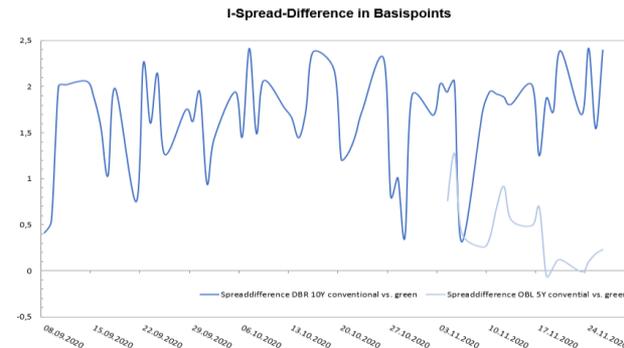
# German – Twin bond model

## Main terms (illustrative example)

		Conventional twin	Green twin
Identical to both twins	Maturity segment	10y	
	Coupon	0.00%	
	Interest dates	Annually	
	Maturity	15 August, 2030	
Different for each twin	Future-Contracts	Deliverable	
	Issuance volume	e.g. EUR 25 bn	e.g. EUR 4 bn
	Pricing date	17 June 2020	September 2020
	ISIN	DE0001102507	DE0001030708



1. Conventional twin will be issued first
2. Conventional twin will be tapped to a sufficient volume
3. Green twin will be issued (via syndicate or auction) once the conventional twin has reached sufficient tradability
4. Conventional twin will be tapped into own books on the same day (fully retained)
5. Conventional volume in own accounts will always exceed the green volume sold to the market



The twin bond concept provides full price transparency and allows for outperformance of the green twins

# Developments Money Market

## Unsecured Money Market

Almost no sustainable deposits visible.

## Commercial Paper

- STEP Programmes

The CP market has not experienced the same rapid development as the Green Bond market  
no specific sustainable program planned

## REPO Eurex (launched 11/2020)

Green Bond GC Basket	GREEN	EUR, GBP	100mn	Fixed, Zero Cpn, Floating	all bonds	AT, BE, DE, DK, ES, EU, FI, FR, GB, IE, IT, LU, NL, NO, PT, SE, XS, SNAT	Based on CCP criteria	all
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## Green Bond GC Basket

The Green Bond GC Basket encompasses Euro denominated debt securities that are issued in adherence with guidelines for Green Bonds as sustainable bonds of renewable energies or sustainable waste management or preservation of biodiversity or sustainable land utilization etc. and classified as Green Bond by the data provider WM Datenservice. The issuing volume of the bonds shall amount to at least 100 million Euros.

# DKB sustainability approach

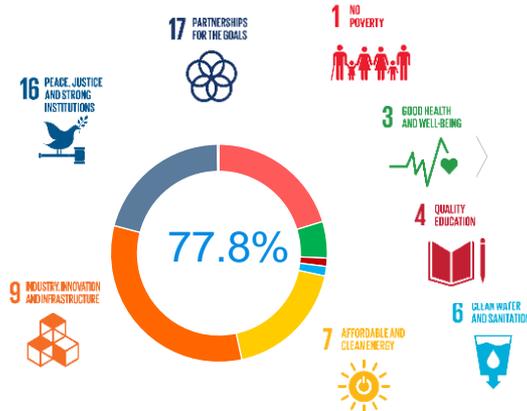
Sustainability anchored in core business

## Social infrastructure

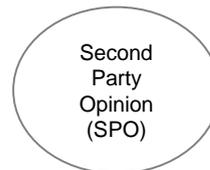


### Social Bond Programme

- 2018 EUR 500m, Social covered bond
- 2019 Retail Social covered bond
- 2019 EUR 500m, Blue Social Pfandbrief



77.8% of our customer loans contribute significantly to the SDG's



ISS ESG

## Renewable energies



### Green Bond Programme

- 2016 500 Mio. EUR, senior unsecured
- 2017 500 Mio. EUR, senior unsecured

# New plans and thoughts of EU Commission and ECB

## European Commission

- **EU Green Deal**
  - = Obligation to reduce greenhouse gas emissions
- **Next Generation EU** (EU Recovery Plan)
  - = Volume EUR 750bn
  - = Refinancing is planned to a considerable extent via Green Bonds
- **SURE** (Support to mitigate Unemployment risks in an emergency)
  - = EU programme to fight Covid 19-consequences, max EUR 100bn
  - = Refinancing with Social Bonds
- **InvestEU** (new promotional programme with focus on sustainability)

## ECB

- **ECB asset purchase programmes**
  - = Considerations to include sustainable bonds in purchase programmes
- **Collateral**
  - = considerations to give preference to sustainable collateral within ECB operations

The ECB “has to look at all the business lines and the operations in which we are engaged in order to tackle climate change, because at the end of the day, money talks”, Ms Lagarde said.

*Christine Lagarde, FT interview July 2020*

# Personal

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