Green Finance

ECB Money Market Contact Group – Harald Endres

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European green bonds

**European issuance of green bonds**
(EUR billions)

- **Reoccuring issuer**
- **Reoccuring issuer projected**
- **New issuer**
- **New issuer projected**

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)

German – Twin bond model

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

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
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 | Fixed, Zero Cpm, Floating | all bonds | AT, BE, DE, DK, ES, EU, FI, FR, GB, IE, IT, LU, NL, NO, PT, SE, XS, CH, GR | Based on CCP criteria | all |

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

Renewable energies

- Green Bond Programme
  - 2016: 500 Mio. EUR, senior unsecured
  - 2017: 500 Mio. EUR, senior unsecured

Sustainability anchored in core business

DKB Deutsche Kreditbank AG
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
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