

# DZ HYP Green Bond Presentation



April 2024

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# Sustainability at DZ HYP



# Sustainability at DZ HYP

## Fundamentals of our understanding of sustainability



Values  
and Principles

- » Sustainable business model in line with the needs of our employees and society
- » Cooperative principles of helping people to help themselves, self-responsibility and self-governance for society as guidelines for sustainable action
- » Support for the transformation of the economy and society



Achieving  
more together

- » Member of the DZ BANK Group and of the Cooperative Financial Network
- » Bundling sustainability activities: Active participation in the sustainability initiative of the DZ BANK Group and exchange of knowledge within the group
- » Development of group-wide standards with regard to Code of conduct, climate strategy, lending exclusions



Our  
Commitment

- » Commitment to the SDGs, the Paris Agreement on climate protection and the German government's 2016 Climate Protection Plan 2050
- » Participant of the United Nations Global Compact, committed to implementing, disclosing and promoting the ten principles for responsible business.
- » Commitment to the 2030 Agenda for Sustainable Development

# Sustainability at DZ HYP

Permanent advancement enhances contribution to more sustainability



Environment

- » Implementation of ESG criteria in the lending process
- » ESG-Transparency in the corporate client portfolio created by June 30, 2024
- » Group-wide reduction target of greenhouse gas emissions of 65% by 2030 and climate neutrality by 2045
- » Redrafting the exclusion criteria for controversial business areas/practices



Social

- » In 2012, the "Diversity Charter" was signed as a fundamental principle of the company's policy and the rules of the "Fair Company Codex" were adopted.
- » Award for family-friendly employee policy by the non-profit Hertie Foundation and "Best place to learn" label
- » Support and sponsorship of a variety of social institutions and projects (Hamburg Donations Parliament, Club of Rome)



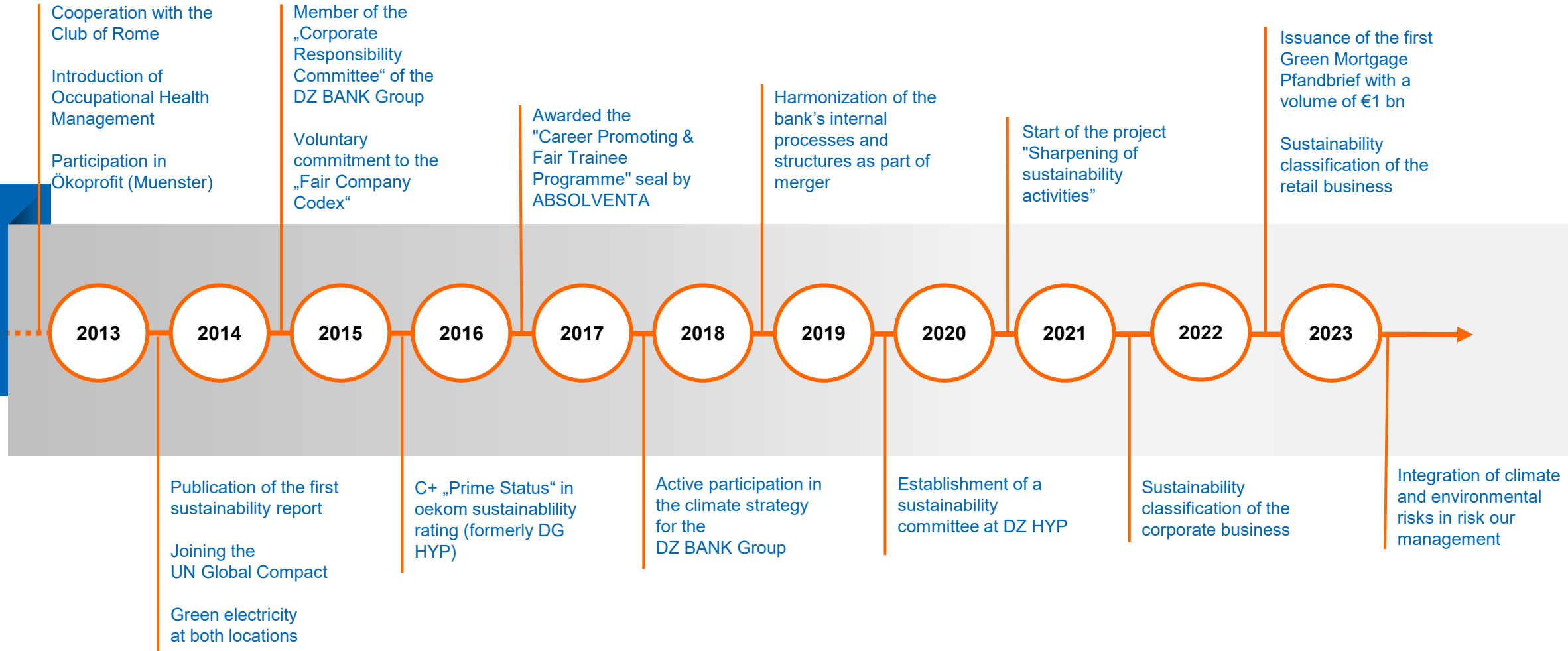
Governance

- » Sustainability strategy as a guideline and integral part of the business strategy
- » Integration of sustainability into the company structure and establishment of distinct committees
- » Creating transparency through annual sustainability report
- » Raising the share of women at management level to 25% by October 31, 2025



# Sustainability at DZ HYP

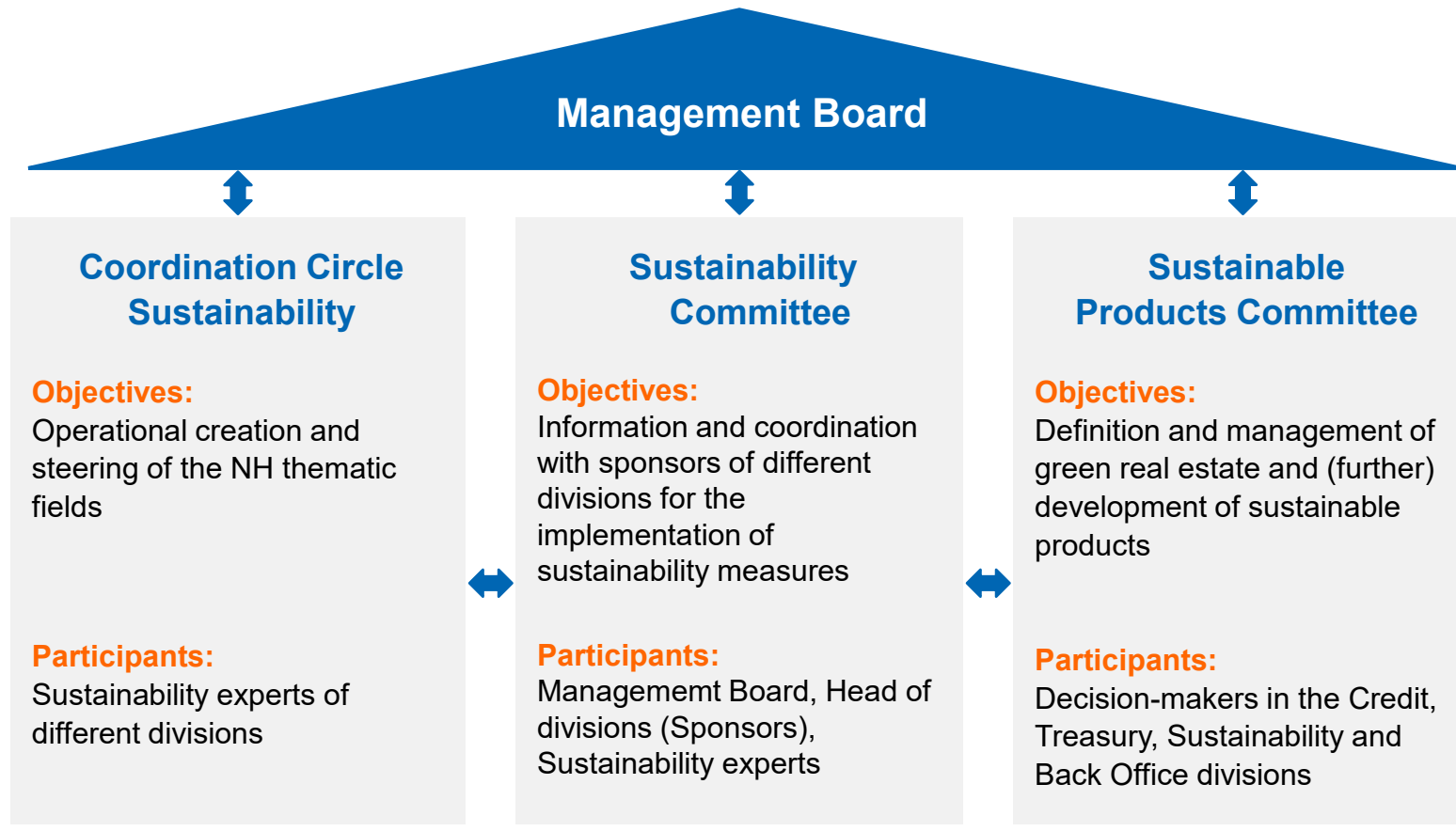
## Milestones over the last ten years





# Sustainability governance

Comprehensive anchoring of sustainability issues



- » Implementation of various committees for the comprehensive approach of all sustainability aspects
- » Sustainability with central Board responsibility
- » DZ HYP's Management Board directly influences the bank's sustainable orientation via the Sustainability Committee
- » Initiation of new products and their monitoring is carried out by the Sustainable Products Committee

# Funding





# Strong refinancing base due to stable ratings

## Bank ratings

	S&P Global	Moody`s	FitchRatings
Issuer rating	A+	Aa2	AA-
Outlook	stable	stable	stable
Short-term liabilities	A-1	Prime-1	F1+

## Covered bond ratings

Mortgage Pfandbriefe	AAA	Aaa	-
Public Sector Pfandbriefe	AAA	Aaa	-

## Unsecured issue ratings

Senior Preferred	A+	Aa2	AA
Senior Non-Preferred	A	A3	AA-

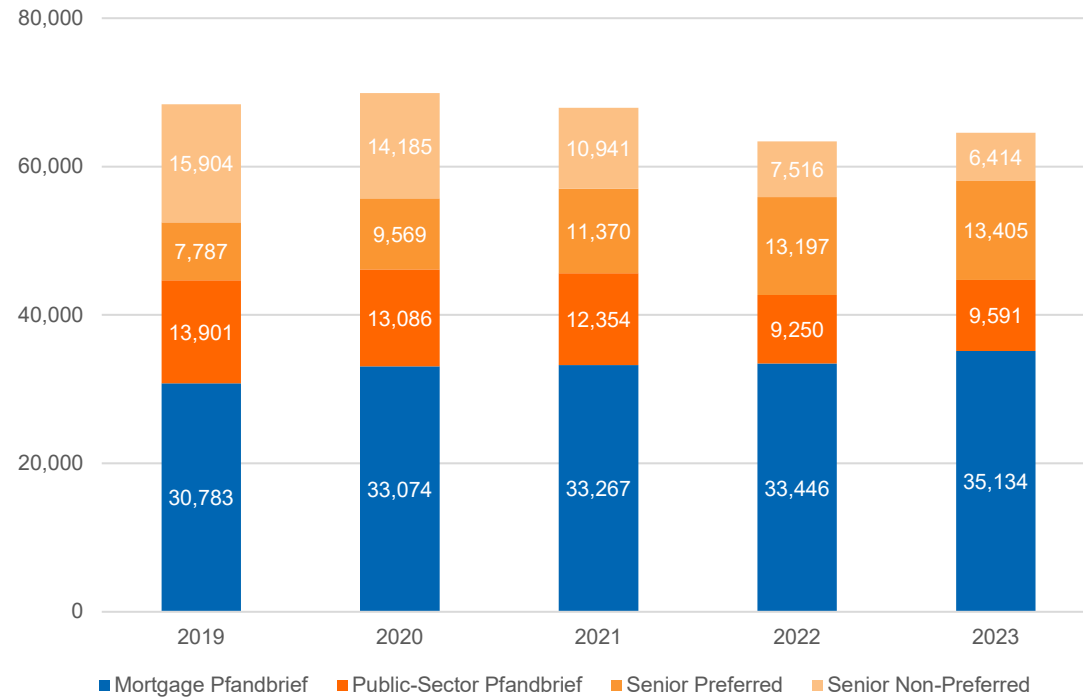


- » ISS-ESG **Prime** status (“C” Grade) as an award for **above-average commitment**
- » DZ HYP ranks among the **top 20%** of the peer group with a decile rank of “2” (scale 1 - 10)
- » As of 2023, DZ HYP received an ESG Risk Rating of 14.2 from Morningstar Sustainalytics and was assessed to be at Low risk of experiencing material financial impacts from ESG factors.<sup>1</sup>

<sup>1</sup>In no event the risk rating shall be construed as investment advice or expert opinion as defined by the applicable legislation. Copyright ©2022 Sustainalytics. All rights reserved.

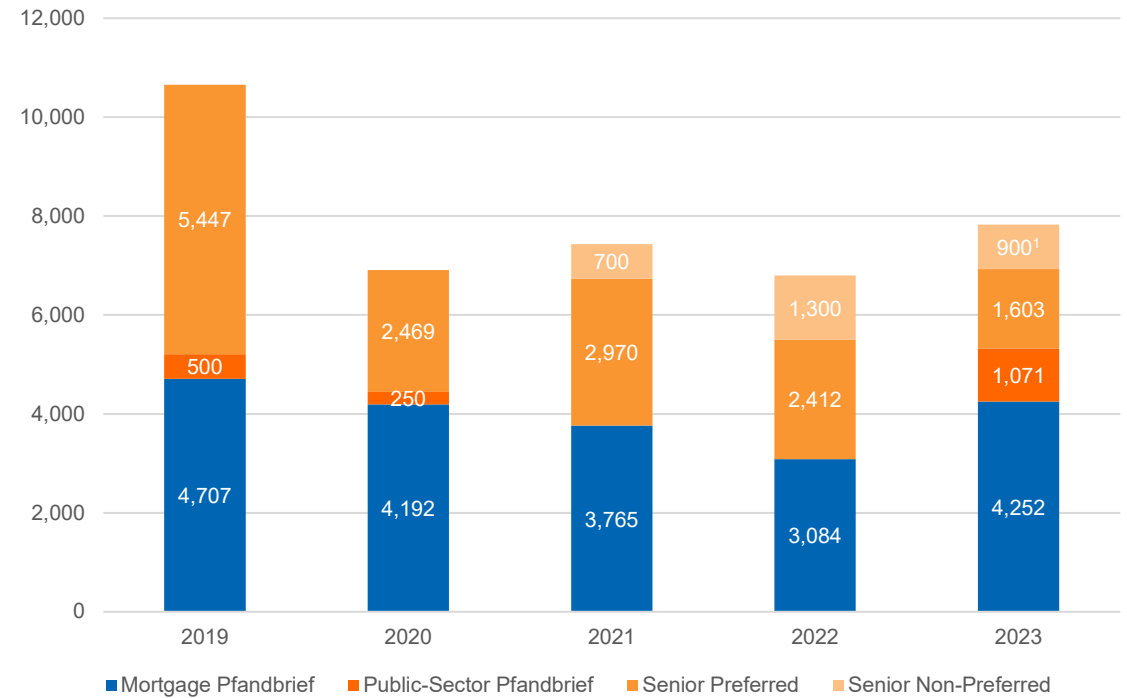
## Portfolio

In € mn as of 12/31/2023



## New issues

In € mn as of 12/31/2023

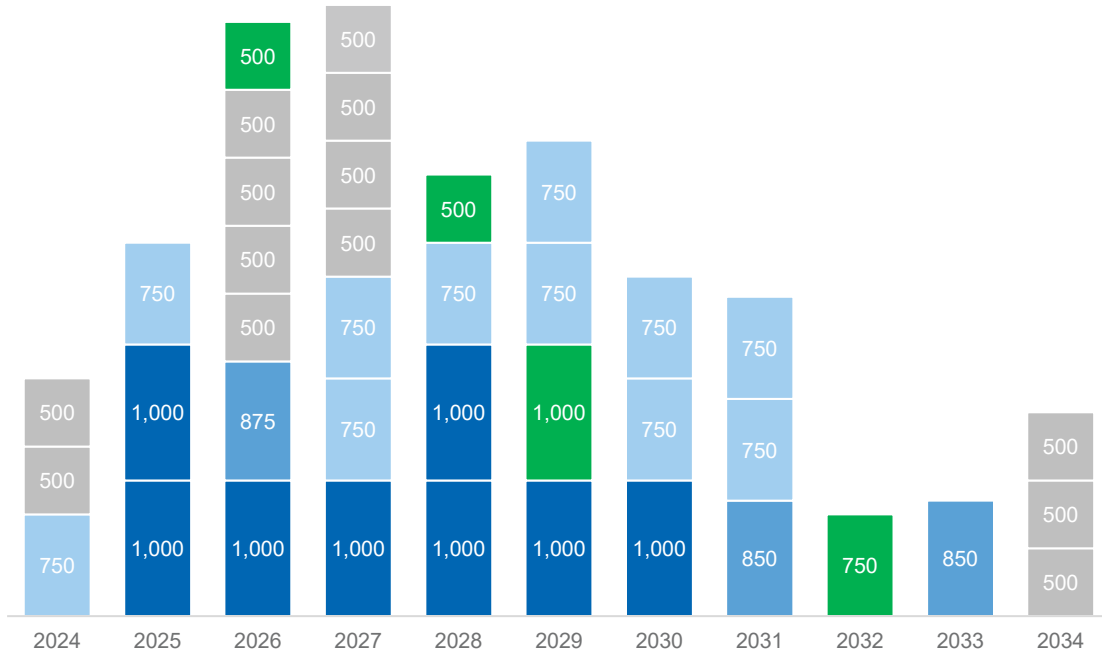


<sup>1</sup>internal MREL-eligible securities

# Long-term funding<sup>1</sup>

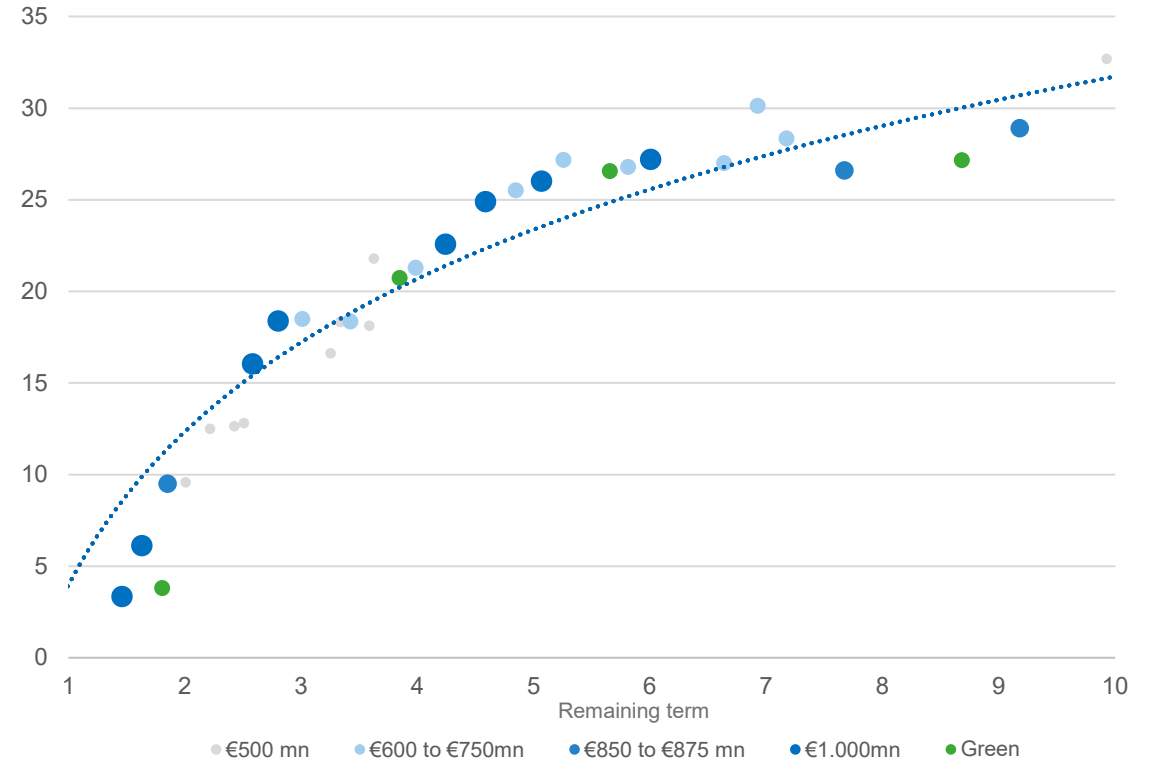
## Benchmark maturity profile

In € mn as of 03/28/2024



## Market spreads of outstanding Benchmark issues<sup>2</sup>

In BP as of 03/28/2024

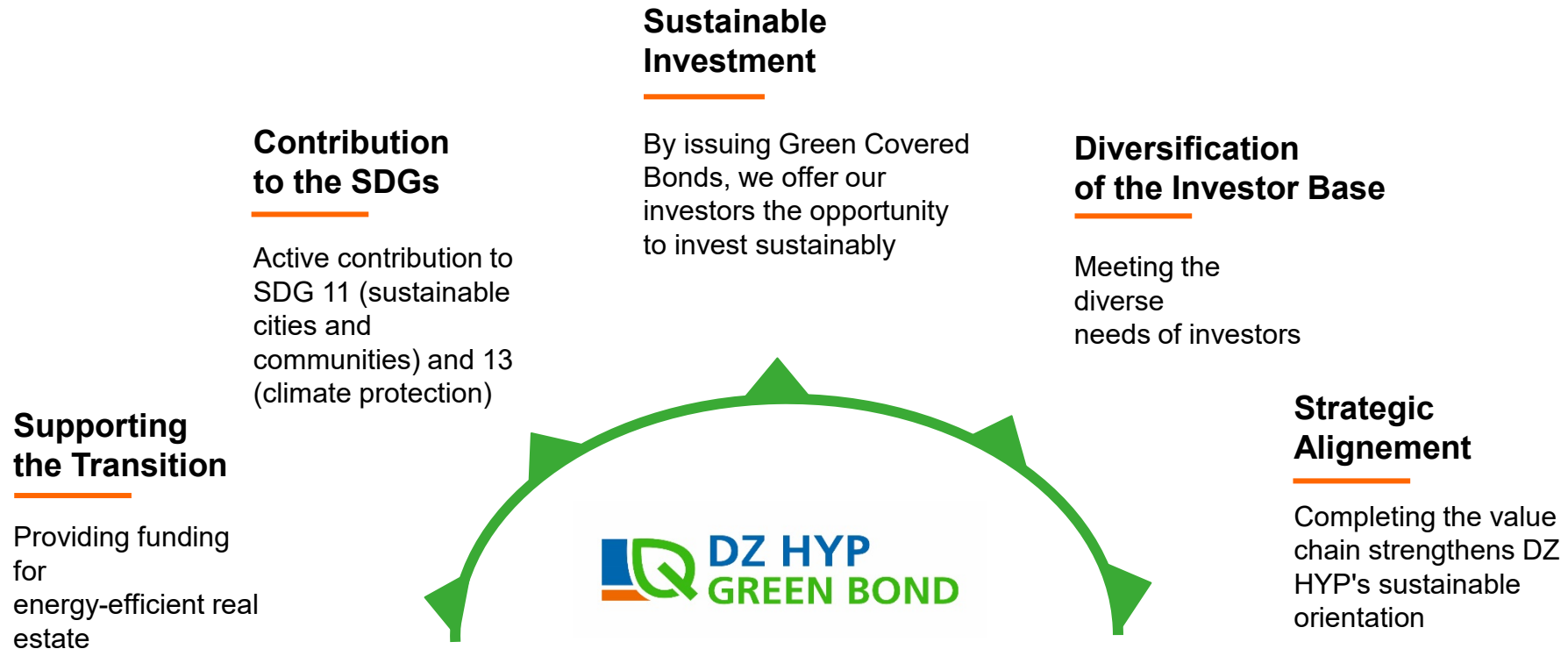


<sup>1</sup>Volume: Nominal amounts; <sup>2</sup>Reference: Mid Swaps against 6 months EURIBOR; Source: Bloomberg



# Sustainability at DZ HYP

## Motivation for issuing Green Pfandbriefe



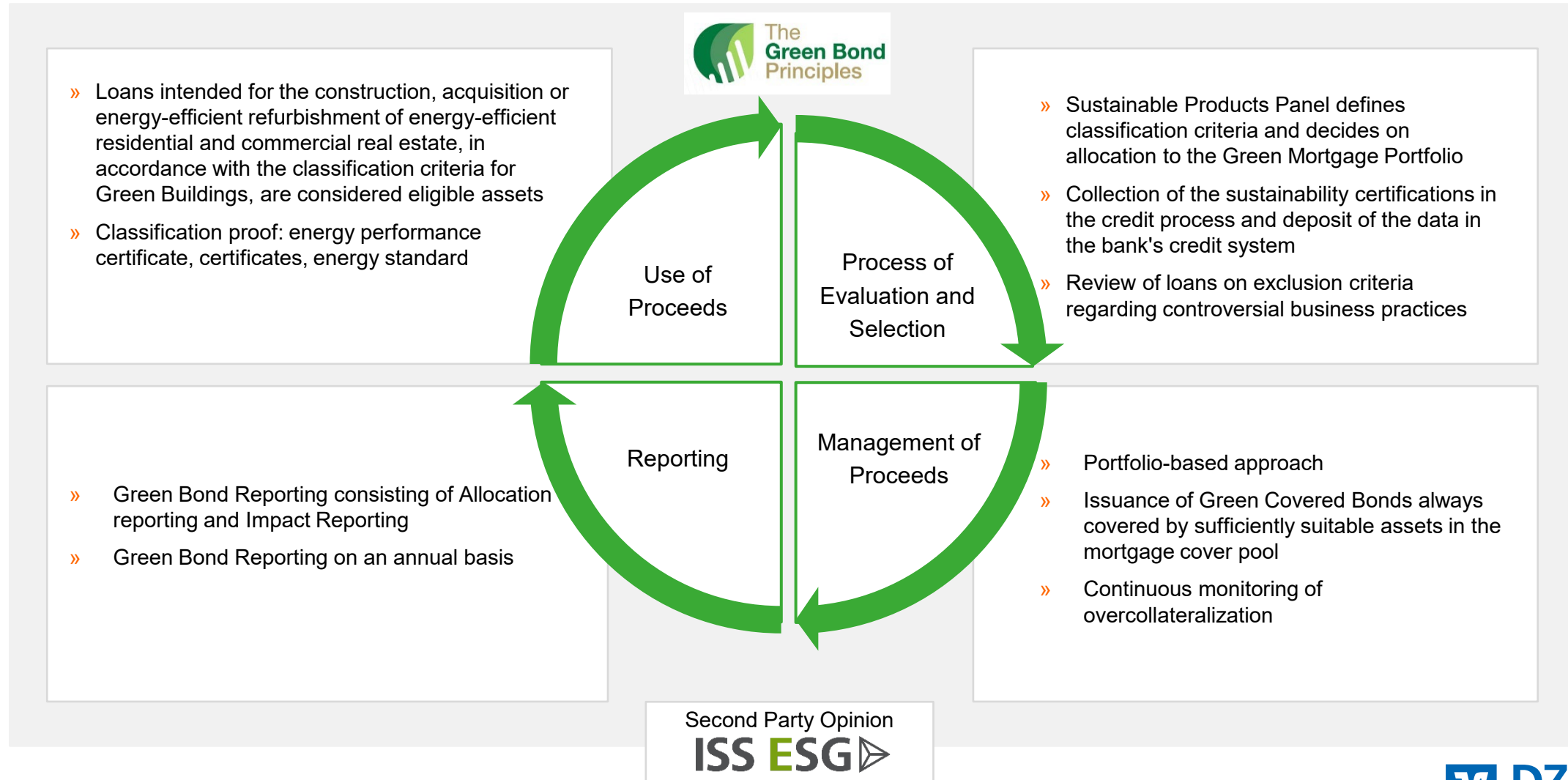
# DZ HYP Green Bond Framework





# Green Bond Principles as the basis of the DZ HYP Framework

## Key statements



# Our selection process



## Classification of buildings based on energy efficiency:

### Energy performance certificate

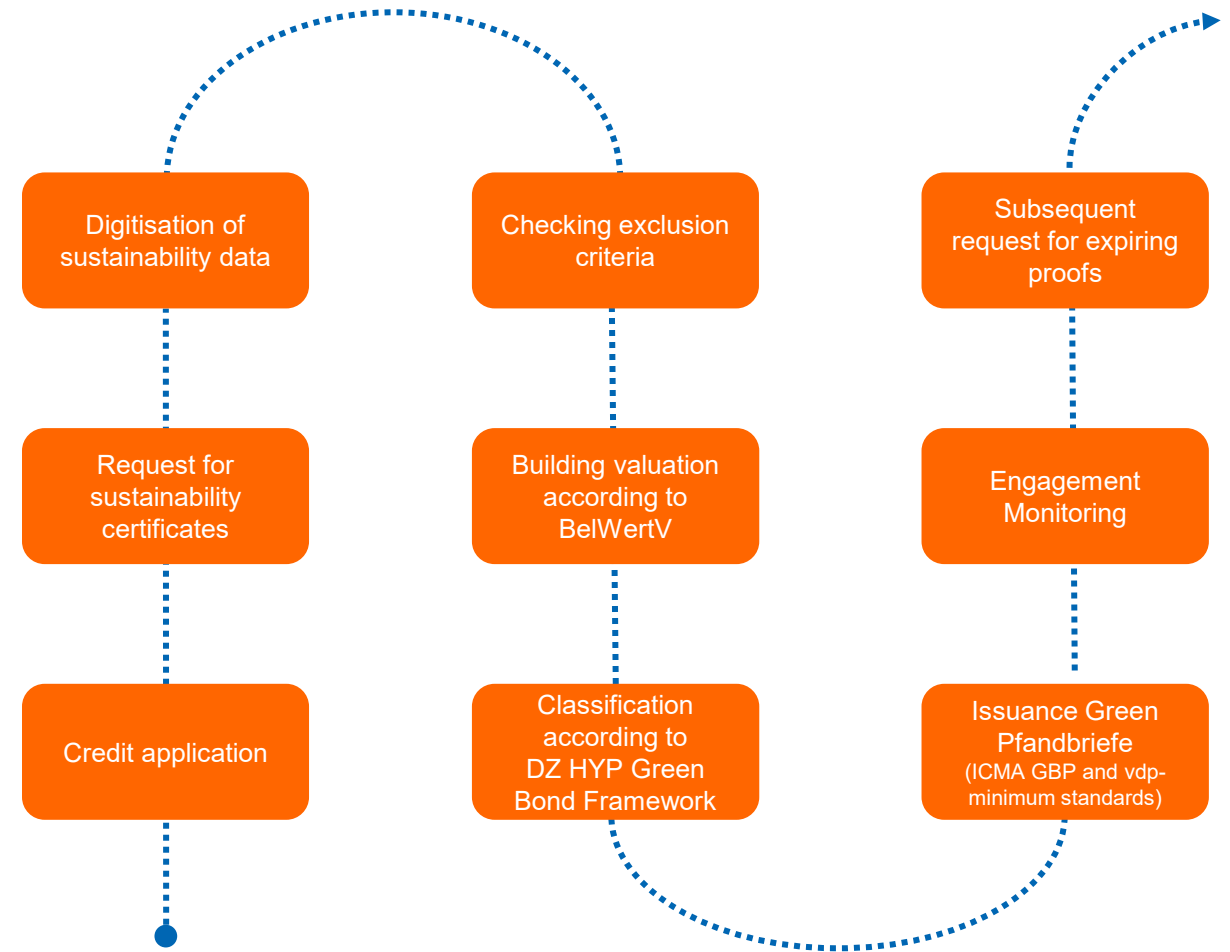
Type	Heating	Electricity
Residential	65 kWh/m <sup>2</sup>	-
Office	90 kWh/m <sup>2</sup>	70 kWh/m <sup>2</sup>
Retail	60 kWh/m <sup>2</sup>	75 kWh/m <sup>2</sup>
Hotels	95 kWh/m <sup>2</sup>	60 kWh/m <sup>2</sup>
Logistics buildings	30 kWh/m <sup>2</sup>	35 kWh/m <sup>2</sup>
Light industrials	105 kWh/m <sup>2</sup>	65 kWh/m <sup>2</sup>

### Certificates:

DGNB	Gold and platinum
LEED	Gold and platinum
BREEAM	Very Good or better

### Energy efficiency standard:

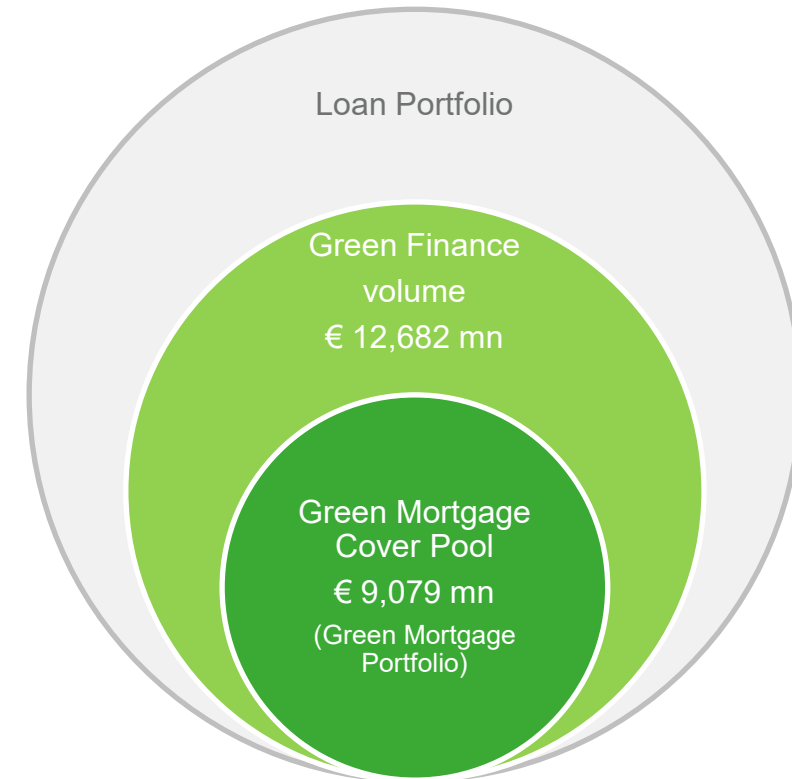
EnEV/GEG	2016
KfW Efficiency house standard	55 or better



# Management of Proceeds

## Portfolio-based management

- » Classifying eligible assets according to the selection criteria described in the Green Bond Framework
- » Eligible assets are flagged in the mortgage cover pool and form the Green Mortgage Portfolio
- » Portfolio-based management of proceeds
- » Issuance of Green Pfandbriefe require sufficient eligible assets in the Green Mortgage Portfolio
- » In the unlikely event that outstanding Green Pfandbriefe exceed the volume of eligible assets, DZ HYP will temporarily invest the liquidity in sustainable bonds and/or hold it in cash
- » Monitoring and control of the process by the Treasury department

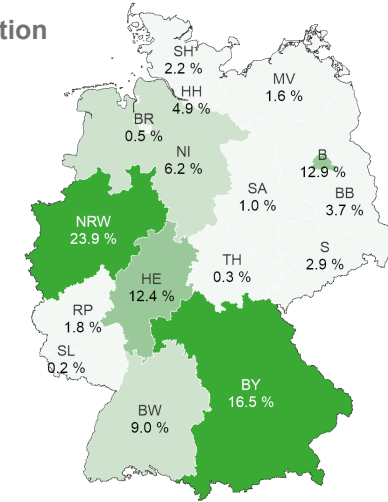
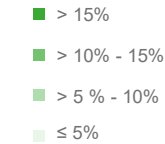




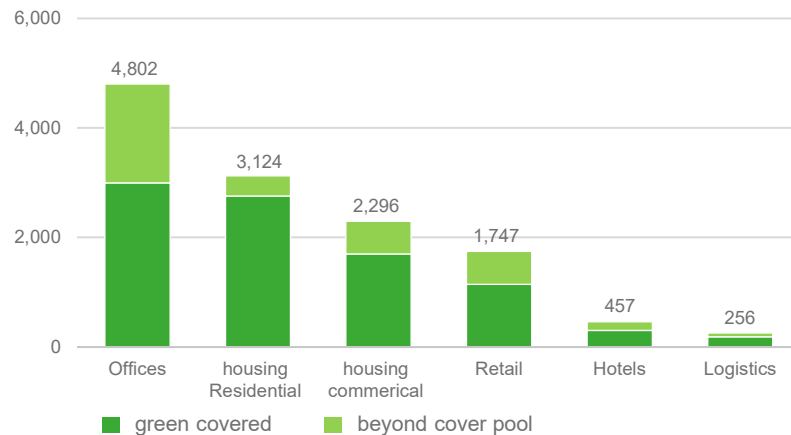
## Green Mortgage Portfolio | 12/31/2023

- » As of 31 December 2023, DZ HYP finances green buildings in a volume of € 12,628 mn
- » Thereof, € 9,079 mn are part of the mortgage cover pool and can be refinanced via Green Pfandbriefe
- » Exclusively green real estate in Germany (corporate clients & private customers)
- » Diversified real estate portfolio with a focus on residential- and office buildings

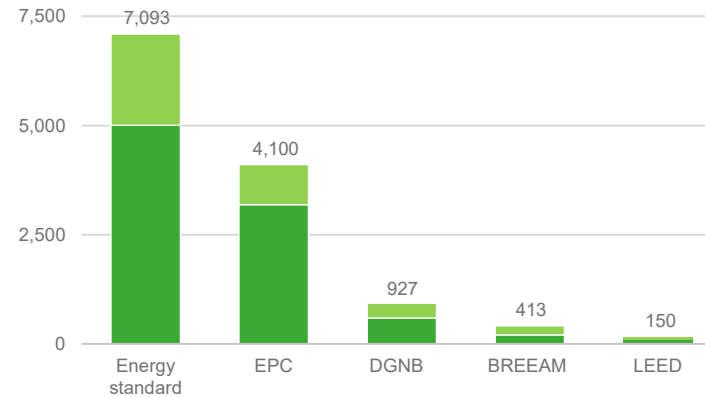
Regional distribution



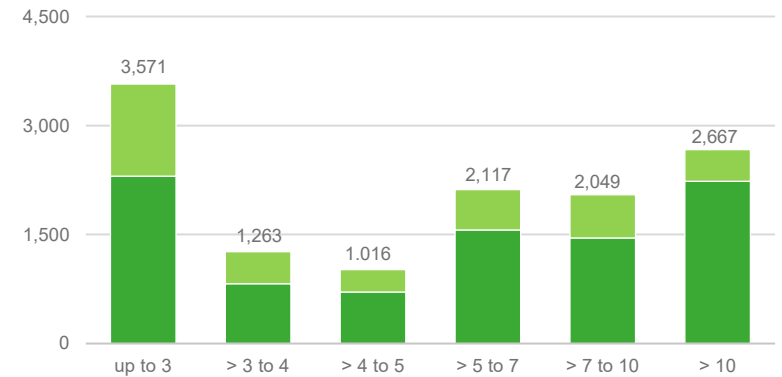
Type of property use  
In € mn



Selection criteria  
In € mn



Fixed-interest period (years)  
In € mn





**15,502**

Green residential and commercial buildings financed



**351,038 MWh**  
savings  
DZ HYP-share



**100,870 t**  
CO<sub>2</sub>-savings  
DZ HYP-share



**7.95 t**  
CO<sub>2</sub> - savings per  
€ million invested  
DZ HYP-share

- » Publication of the Green Bond Report<sup>1</sup> on an annual basis as of 31 December (in Q1 of the following year)
- » Evaluation of the allocation and development of the impact reporting by Drees & Sommer (consulting firm)
- » Methodology:
  - » Assessment of energy efficiency on the basis of collected sustainability documents
  - » Subsequently comparison with comparative buildings for specific types of use



<sup>1</sup>Green Bond Reporting: <https://dzhyp.de/en/investor-relations/informations-for-investors/green-bonds//>

Low Carbon Buildings	Year of Issuance	Type	Signed Amount <sup>a</sup>	Reference Area <sup>b</sup>	Share of Total Portfolio Financing <sup>c</sup>	Annual final energy savings <sup>d</sup>	Annual CO <sub>2</sub> emissions avoidance <sup>e</sup>	Financing share Annual final energy savings <sup>f</sup>	Financing share Annual CO <sub>2</sub> emissions avoidance <sup>g</sup>
Unit	[yyyy]	[-]	[EUR]	[m <sup>2</sup> ]	[%]	[MWh/year]	[tCO <sub>2</sub> /year]	[MWh/year]	[tCO <sub>2</sub> /year]
DZ HYP AG	2023	Low Carbon Building	9.078.678.479	10.599.946	100,0	874.700	251.925	351.038	100.870
Office	2023	Low Carbon Building	2.995.609.401	3.212.780	33,0	253.927	70.790	88.562	25.411
Residential			4.450.175.527	4.744.543	49,0	381.354	91.579	170.383	40.903
Retail			1.142.726.234	1.658.262	12,6	164.030	64.204	65.254	25.450
Logistics			186.863.028	721.698	2,1	54.477	18.262	17.863	6.007
Hotels			303.304.290	262.663	3,3	20.912	7.090	8.977	3.099

<sup>a</sup> Legally committed signed amount by the issuer for the portfolio or portfolio components eligible for green bond financing.

<sup>b</sup> Reference area based on national definition, e.g. Energy performance certificate based, net floor conditioned area.

<sup>c</sup> Portion of the total portfolio cost that is financed by the issuer.

<sup>d</sup> Final energy savings calculated using the difference between the top 15% and the national building stock benchmarks

<sup>e</sup> Greenhouse gas emissions avoidance determined by multiplying the final energy savings with the carbon emissions intensity

<sup>f</sup> Final energy savings calculated adjusted with the financing share

<sup>g</sup> Greenhouse gas emissions avoidance adjusted with the financing share



# External Review

## Second Party Opinion

- » Review of the Green Bond Framework by ISS ESG
- » Confirmation of compliance with ICMA Green Bond Principles
- » Excerpts from the Second Party Opinion:

“This use of proceeds category has a significant contribution to SDGs 11 Sustainable cities and communities”

„the company currently shows a high sustainability performance against peers on key ESG issues faced by the Mortgage & Public Sector Finance industry“

„the Use of Proceeds financed through this bond is consistent with the issuer’s sustainability Strategy and material ESG topics for the issuer’s industry.“

„The rationale for issuing Green Bonds is clearly described by the issuer.“





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# Appendix

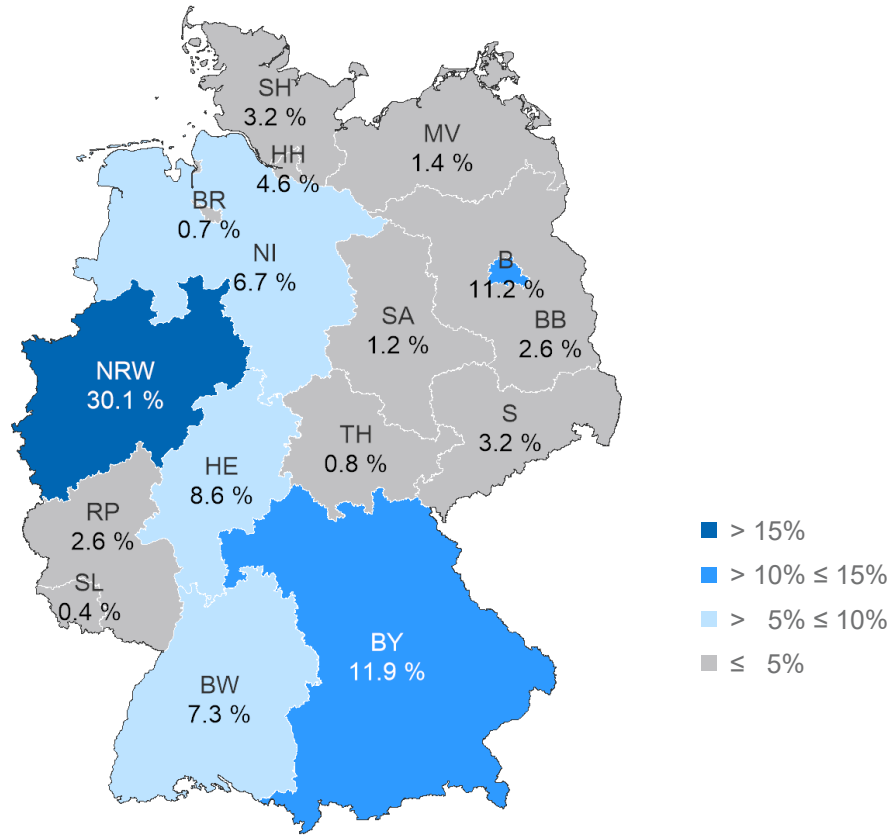


# Composition of domestic mortgage cover pool<sup>1,2</sup>

## Ordinary cover assets

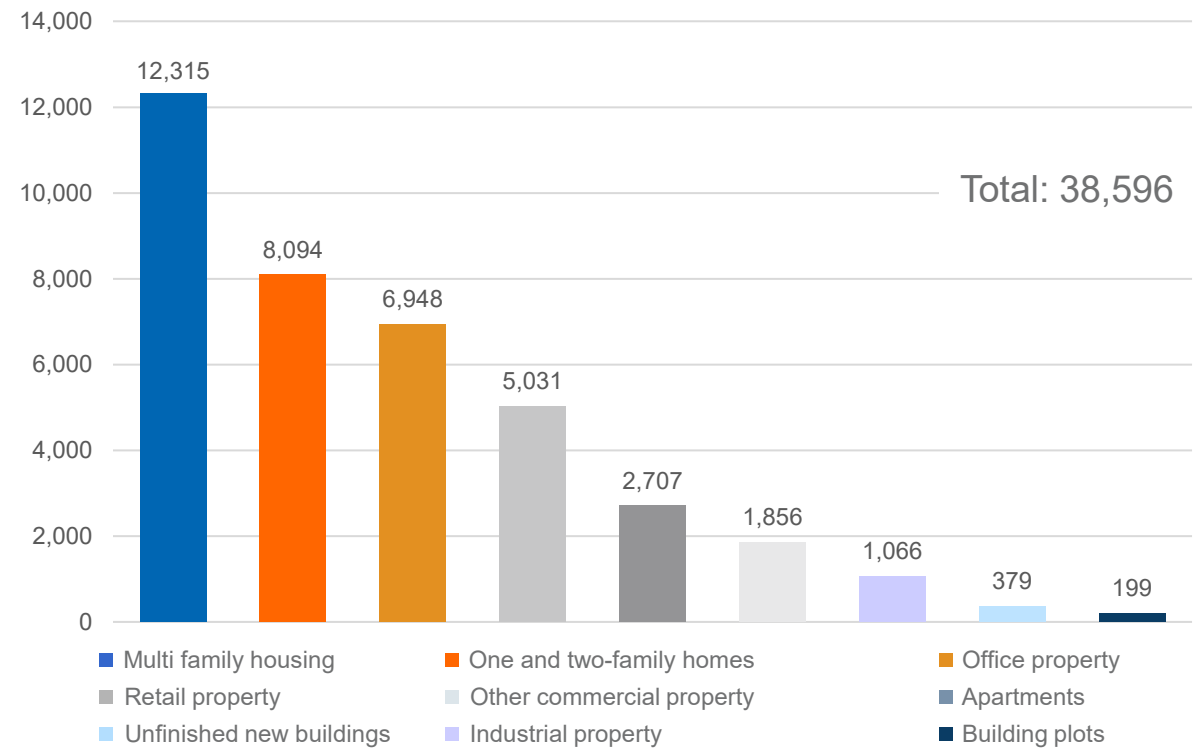
### Regions

In € mn as of 12/31/2023



### Type of property use

In € mn as at 12/31/2023



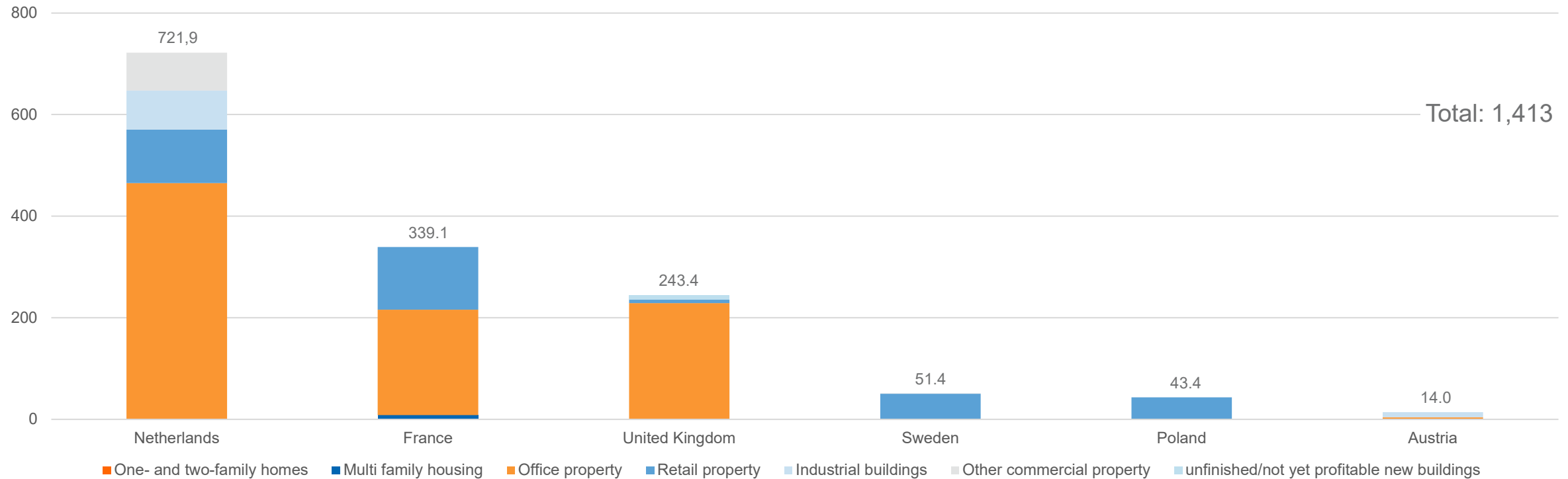
<sup>1</sup>Evaluations pursuant to section 28 of the PfandBG; <sup>2</sup>Further cover assets pursuant to §19 (1) Nr. 3 PfandBG amounting to €1.3bn (receivables from a German development bank with a state guarantee)

# Composition of foreign mortgage cover pool<sup>1,2</sup>

## Ordinary cover assets

### Type of property use

In € mn as of 12/31/2023



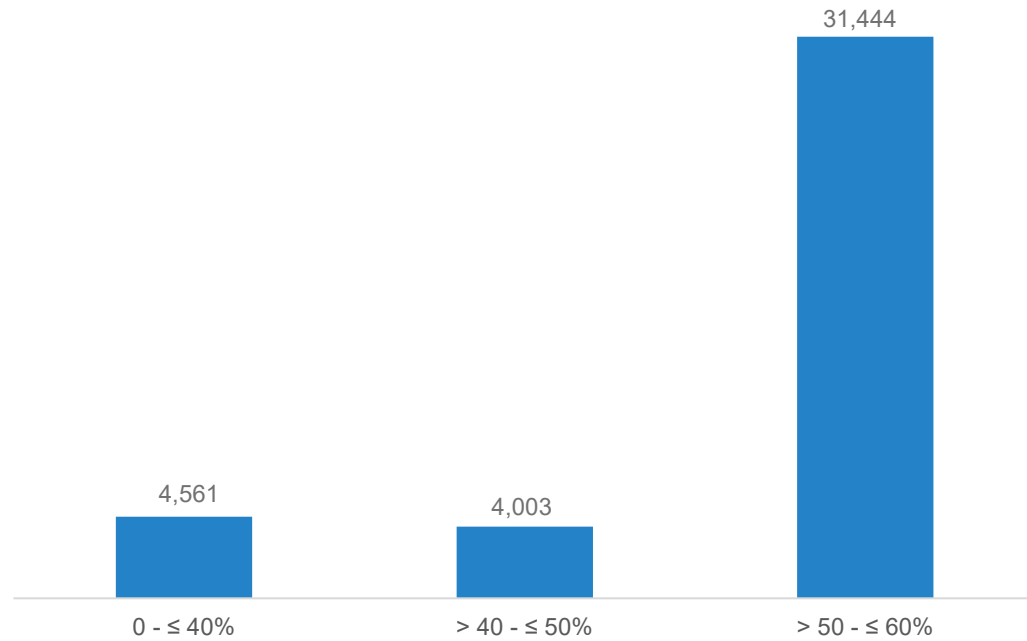
<sup>1</sup>Evaluations pursuant to section 28 of the PfandBG; <sup>2</sup>Further cover assets pursuant to §19 (1) Nr. 3 PfandBG amounting to €1.3bn (receivables from German development banks with a state guarantee)



# Further key financial indicators of the mortgage cover pool<sup>1,2</sup>

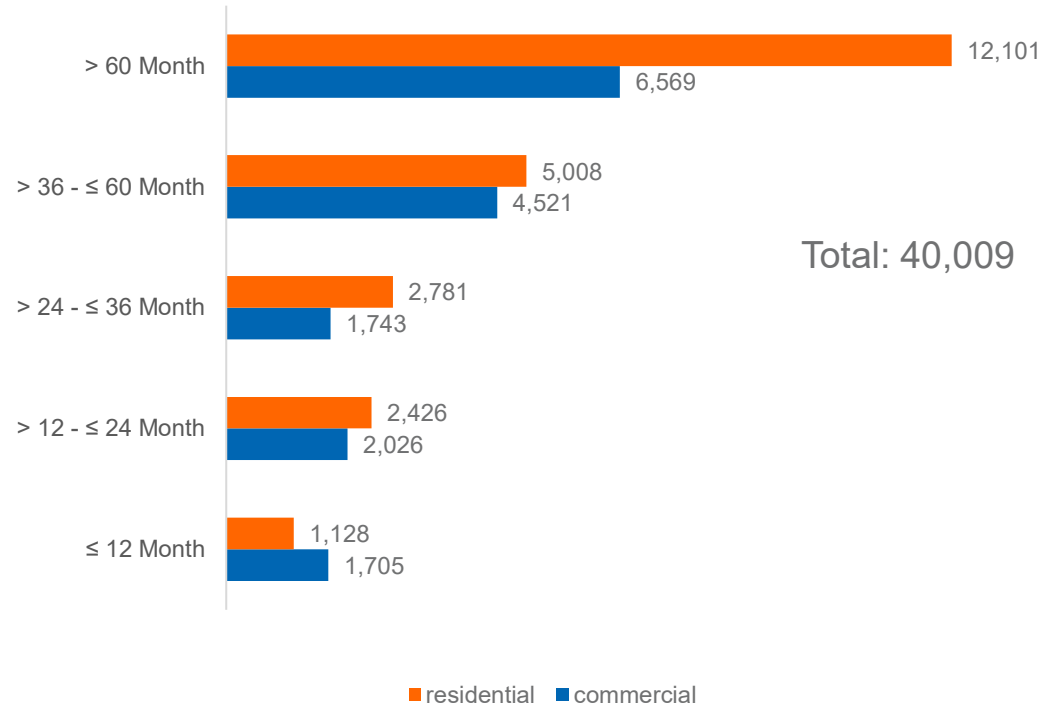
## Loan to Value Ratio (LTV)

In € mn as of 12/31/2023



## Seasoning

In € mn as of 12/31/2023

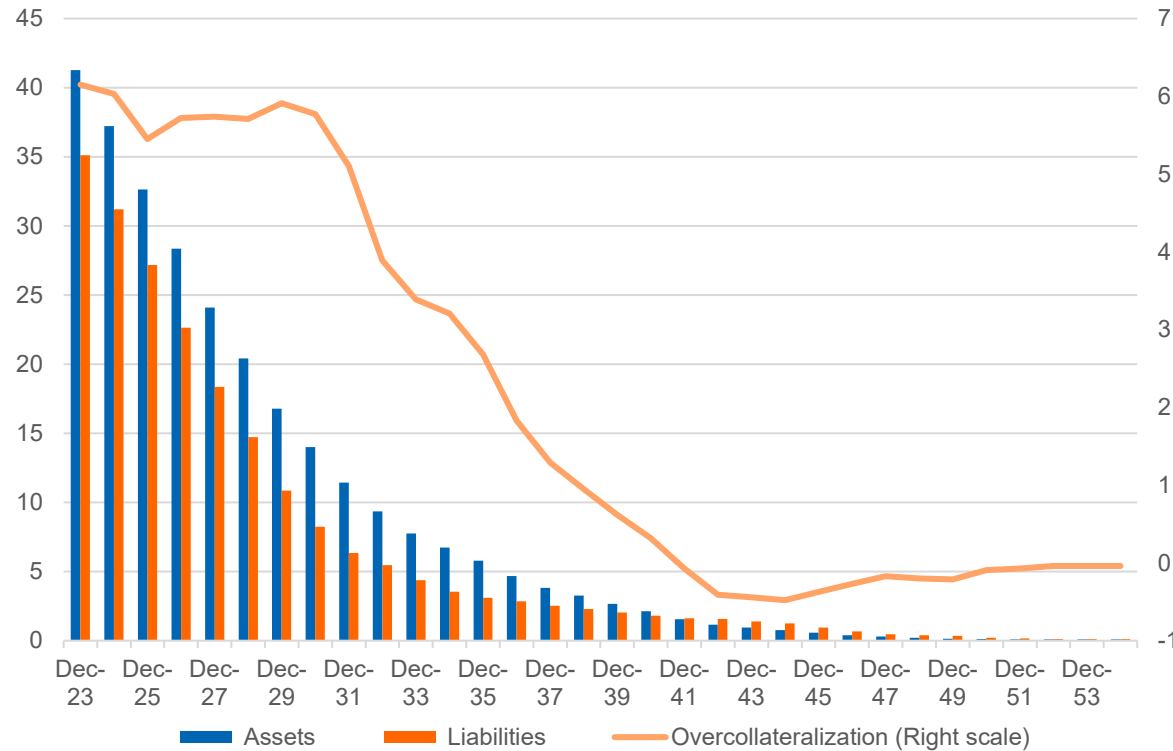


<sup>1</sup>Evaluations pursuant to section 28 of the PfandBG; <sup>2</sup>Further cover assets pursuant to §19 (1) Nr. 3 PfandBG amounting to €1.3bn (receivables from a German development bank with a state guarantee)

# Further key financial indicators of the mortgage cover pool

## Maturity profile<sup>1,2</sup>

In € bn as of 12/31/2023



## Other financial indicators<sup>3</sup>

As of 12/31/2023

### Indicator

Total cover pool (€ mn)	41,272
Pfandbriefe total volume outstanding (€ mn)	35,125
Overcollateralization (OC) (%)	17.5
Share of fixed-rate cover assets (%)	90.0
Share of fixed-rate Pfandbriefe (%)	98.8
Weighted average LTV <sup>4</sup> (%)	54.0
NPL (%)	0.0
Weighted average Seasoning (Years)	5.3

<sup>1</sup>Nominal value; <sup>2</sup>Maturity profile shown for a period of 30 years; <sup>3</sup>Evaluations pursuant to section 28 of the PfandBG; <sup>4</sup>weighted using the mortgage lending value



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**Relevant links:**  
Framework  
Second Party Opinion  
Reporting

Head Office Münster  
Sentmaringer Weg 1  
48151 Münster

Debt Issuance Programme Prospectus  
Sustainability Report

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