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Successful benchmark issue of EUR 750m

LBBW issues its third social bond

LBBW has made a successful start to 2021 with a sustainable benchmark issue. The social bond issued on 11 January in the form of a senior non-preferred bond has a volume of EUR 750m and term of ten years. The spread was 63 basis points above mid-swap, a key rate for banks. Besides LBBW, the lead arrangers were ABN Amro, Crédit Agricole CIB, HSBC, ING and Natixis.

“With this third issue within its social bond framework, LBBW has underpinned its pioneering role in the market for sustainable investments. We are thus once again offering professional investors the opportunity to invest in projects that create social value,” explained Dr Christian Ricken, the member of LBBW Board of Managing Directors in charge of capital market activities.

In total, LBBW has therefore issued sustainable bonds of more than EUR 6.5bn, of which EUR 2.25bn in social bonds and over EUR 4.25bn in green bonds.

LBBW will again use the funds from this third social bond to refinance projects in the areas of health care and social services as well as vocational training programs. Other potential financing targets are schools, care homes, homes for people with disabilities, hospitals, infrastructure projects and public water provision.

Professional investors in Germany and abroad showed significant interest in the bond. The books were closed after just four hours, with an order volume of more than EUR 1.1bn. 52% of the social bond was subscribed by German investors. Of the foreign investors, 12% come from France, 9% from the UK, 6% from Austria and 5% from Scandinavia. The largest percentage of orders was placed by funds (38%), followed by insurance and pension funds (29%), banks (24%), and central banks (9%). It is particularly notable that 60% of the volume went to institutions that have signed the UN Principles for Responsible Investment.

Further information on LBBW's social bond framework can be found here:

www.lbbw.de/socialbond