

Press information dated 14 April 2021

Berlin Hyp is the first bank in the world to successfully issue a Sustainability-Linked Bond (SLB) and the Bank will be benchmarked against the achievement of its ESG goals.

- The issuance with a volume of € 500 million is met with broadly diversified demand from investors
- The coupon of [0.375%] is linked to the achievement of a 40% reduction in CO₂ across the bank's entire loans portfolio by 2030 compared to the figure from 2020
- Berlin Hyp presents methodology for the assessing and tracking the carbon footprint of its entire loans portfolio
- Sascha Klaus, Chair of the Board of Management: “The tight re-offer spread in conjunction with a broadly diversified investor demand demonstrates that ambitious ESG goals and successful business operations increasingly go hand in hand.”

Berlin Hyp is the world's first bank to directly link its sustainability and climate targets to its refinancing. To this end, the bank yesterday issued its inaugural Sustainability-Linked Bond (SLB). The Senior Preferred bond with a term of 10 years has a volume of € 500 million and has been rated Aa2 by Moody's and AA- by Fitch. The interest coupon is 0.375%, with the yield of 0.411% based on a re-offer price of € 99.648. The bond's coupon will increase by 25 basis points in its final year if Berlin Hyp fails to meet its climate targets. This provides for Berlin Hyp to reduce the carbon footprint of its entire loan portfolio by 40% of the base figure from 2020 by the year 2030.

“As the most active issuer of Green Bonds amongst European commercial banks, we are proud to now be taking the next step by becoming the first banking institution to ever issue a Sustainability-Linked Bond. In doing so, we are further linking our ambitious sustainability goals to our refinancing on the capital market and we will be benchmarked against this”, says Sascha Klaus, Chair of the Board of Management at Berlin Hyp.

In contrast to Green Bonds, the sustainability goals are even more binding in the case of a SLB, as the coupon is directly related to the achievement of the goal. The goals are also set at the level of the entire bank as opposed to individual assets.

Berlin Hyp had already published its framework for Sustainability-Linked Bonds as well as its methodology for the assessment of its carbon footprint on 9 April 2021, allowing the bank to calculate and transparently present the CO₂ emissions of its entire loan portfolio for the very first time. This is made possible thanks to a comprehensive database, which is often one of the key issues when it comes to defining binding sustainability goals in the real estate investment sector.

In its second party opinion, the ESG-rating agency Sustainalytics has confirmed, amongst other things, the robustness of the methodology used by the bank to calculate the rate of reduction in CO₂ intensity for the entire loan portfolio, as well as the high relevance of this KPI for the banking and real estate sector. With the aim of reducing the carbon footprint of the entire loan portfolio by 40% by 2030 in relation to the baseline value from 2020, Berlin Hyp is directly aligning itself with the climate targets set in the Paris Agreement. Sustainalytics has assessed this goal as ambitious and as evidence of the pioneering role that Berlin Hyp plays within its industry.

Yesterday at 8.40 a.m, the syndicate banks Commerzbank, Crédit Agricole, DZ Bank, HSBC and LBBW mandated by Berlin Hyp had opened the order books with a spread guidance of mid-swap +50 basis points. Crédit Agricole also acted as a structuring SLB advisor. Bankhaus Lampe took on the role of co-lead manager.

Within a few hours, orders of around € 1 billion were placed, so that the reoffer spread could be fixed at mid-swap +35 basis points. A total of 73 investors from 13 countries participated in the final order book. 55 respectively 32 percent of the issue was placed with asset managers and banks. Investors from Germany participated with 71 percent, followed by Asia with 10 percent.

“The tight re-offer spread in conjunction with a broadly diversified investor demand is a sign of the confidence placed in the Bank and also proves that ambitious ESG goals and successful business activities can indeed go hand in hand. By reducing the CO₂ emissions of our loan portfolio by 40% over the next ten years, we will be playing an important part in effectively supporting the national climate targets”, Klaus adds.

Sustainability has already been enshrined in Berlin Hyp’s corporate strategy for many years now. For example, the bank issued the first Green Pfandbrief in 2015. Since then, this instrument has made it possible for investors to invest in bonds that are used to refinance loan for energy-efficient green buildings. Today, the bank is a pioneer among European commercial banks in the green financing sector, with an issue volume of around €6 billion. With its [Sustainability Agenda](#) adopted in August 2020, the bank is committed to the Paris Agreement and the German government’s Climate Paths, and relates this commitment not only to its own operative business activities, but also to its core business.

Contact

Bodo Winkler-Viti
Funding & Investor
Relations
T +49 30 2599 9521
bodo.winkler@berlinhyp.de

Nicole Hanke
Communications and
Marketing
T +49 30 2599 9123
nicole.hanke@berlinhyp.de