

Press Information, 03. May 2022

## Berlin Hyp for the first time issues a Social Pfandbrief, being the first European bank to issue bonds in three different ESG categories

**Berlin Hyp successfully issued its first Social Pfandbrief today and achieved record demand. It is the first bank in Europe to issue bonds in three ESG categories, taking into account the respective requirements of the International Capital Market Association (ICMA). The proceeds of the ten-year Mortgage Pfandbrief will be used for loans financing affordable housing in Germany and the Netherlands. Prior to today's debut issue of the Social Bond, it has already placed 16 syndicated Green Bonds in the capital market as well as last year's inaugural Sustainability-Linked Bond.**

The criteria for eligible social assets are based, among others, on German and Dutch social legislation. Rent levels provided by the Housing Benefit Act form the foundation for assets located in Germany. In the Netherlands criteria refer to the Dutch Social Housing Act. Loans to private housing providers are only taken into account if the borrower has made a publicly accountable commitment to social responsibility and affordable housing. In addition, Berlin Hyp's approach excludes buildings that have poor energy quality. Eligible buildings must be within the most energy-efficient 70% of the national stock. In its Second Party Opinion, the renowned sustainability rating agency ISS ESG confirms the high sustainability quality of Berlin Hyp's Social Bond Framework and the significant contribution of the issuances under this framework to the achievement of the United Nations' Social Development Goals (SDG) 1, 10 and 11.

The Mortgage Pfandbrief with a volume of EUR 750mn and a maturity in May 2032 carries an interest coupon of 1.75% and is rated Aaa by Moody's. The yield at re-offer was 1.769%.

At around 08.45 a.m. on Tuesday morning, the syndicate banks mandated by Berlin Hyp - ABN AMRO, Commerzbank, Credit Agricole, JP Morgan and LBBW - opened the order books with a spread guidance of mid-swap +6 area basis points. Hauck Aufhäuser Lampe Privatbank acted as co-lead manager. The bond was announced in benchmark format. By 10.00 a.m., orders of more than EUR 2.0bn were collected, so that the volume could be fixed at EUR 750mn with a final spread of mid-swap +2 basis points. At the close of the book at 10.15 a.m., there were orders from more than 100 investors amounting to over EUR 3.0bn. This marks Berlin Hyp's largest order book ever achieved for a Mortgage Pfandbrief.

"We are very pleased that we were able to complement our ESG refinancing product range today with the successful issuance of our first Social Bond. We are thus taking a decisive step towards integrating sustainability holistically into our core business and making our contribution as a bank to the social challenges of our time. On behalf of

my colleagues on the Board of Management and the entire Berlin Hyp, I would like to express my sincere thanks for the very strong demand from capital market investors for our Social Pfandbrief. For us, this is a clear vote in favour of further intensifying our commitment to affordable housing," says Maria Teresa Dreo-Tempsch, who is responsible for capital markets on the Board of Management of Berlin Hyp.

With the issuance of the Social Bond, Berlin Hyp is now the only bank in Europe to be active in three ESG categories in compliance with the respective ICMA standards. Only last year, it was the first Bank worldwide to issue a sustainability-linked bond, linking the coupon of the bond to the achievement of its CO<sub>2</sub> reduction target. Since issuing its first Green Pfandbrief in 2015, the Bank has been continuously developing its sustainability strategy in its core business with the aim of harmonising economic, ecological and social sustainability. In January 2022, Berlin Hyp published the new version of its Green Bond Framework, with which it implements the requirements of the EU taxonomy for buildings and construction projects. Most recently, it published a Sustainable Finance Framework for the first time, which comprises the parameters for its taxonomy, transformation and energy efficiency loans, the so-called Green Loans. In a next step, this framework will be complemented by social loans. All these initiatives are to be understood as elements of the ESG target vision published by the bank in 2021.

Further information: [www.berlinhyp.de/en/investors/social-bonds](http://www.berlinhyp.de/en/investors/social-bonds)

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## **About Berlin Hyp**

Berlin Hyp specialises in large-volume real estate financing for professional investors and housing companies, for whom the Bank develops individual financing solutions. As an enterprise forming a Group together with the German savings banks, it also makes an extensive spectrum of products and services available to these institutions. Berlin Hyp plays a pioneering role in the development of sustainable refinancing products. Sustainability is a central component of the Bank's business strategy. Berlin Hyp promotes the financing of sustainable real estate and seeks to support the transformation of the real estate market in order to contribute to achieving the goal of climate neutrality.

Berlin Hyp's clear focus, more than 150 years of experience and the ability to actively shape digital transformation in the real estate sector characterise the Bank as a leading German real estate and Pfandbrief bank.

