

Press information dated 5 July 2023

Social Loan: Berlin Hyp has a new financing product for affordable housing

The severe housing shortage in major European cities is one of the greatest challenges of our time – one that must be overcome if social stability is to be maintained. With this in mind, Berlin Hyp has expanded its range of ESG products to include a Social Loan that can be used to finance affordable housing in Germany and the Netherlands. The Social Loan is the Bank's first product that is specifically designed to promote social sustainability, and as such it clearly demonstrates Berlin Hyp's commitment to efforts that support the financing of affordable housing.

The new product is being offered to municipal housing companies and housing construction cooperatives, as well as private housing companies and project developers that have publicly and credibly committed themselves to social responsibility and the provision of affordable housing. In order to secure a Social Loan, specific eligibility criteria must be met for new construction, acquisition and ownership, and renovation of buildings with affordable housing. In both Germany and the Netherlands, the maximum gross cold rent (excluding heat but including ancillary costs) is one of the decisive factors for determining whether housing may be designated as affordable and thus eligible for a Social Loan. Compliance with holistic ESG strategies is also supported here by the formulation of minimum requirements for energy efficiency in buildings. More specifically, only those buildings that are among the top 70 per cent of the potential residential building portfolio in terms of energy efficiency are eligible for Social Loans.

"The Social Loan addresses the social question regarding the shortage of social and affordable housing and demonstrates our clear commitment to doing what we can to help overcome this challenge" says Teresa Dreo-Tempsch, who in her capacity as Chief Market Officer of Berlin Hyp is also responsible for the Social Loan product. "Social Loans also help improve the quality of life for all segments of the population in cities, while at the same time supporting the achievement of additional important UN Sustainable Development Goals (SDG). With its Social Loan, Berlin Hyp is once again highlighting the fact that ESG doesn't end with green products, but must instead also focus on the social component – the 'S' in ESG. With this in mind, we are working to combine social and environmental aspects in a useful and meaningful way."

Berlin Hyp continues to focus on utilising sustainability criteria as a firm component of real estate financing products. Social Loans are accompanied here by Green Loans that are offered as energy-efficiency loans, taxonomy loans and transformation loans. Berlin Hyp was the first bank to issue a Green Pfandbrief, and today it remains the most active issuer of green bonds (with 19 benchmark issues) from the group of European commercial banks (Mortgage Pfandbriefe and Senior Unsecured Bonds). The Bank is active in three ESG bond categories (Green, Social and Sustainability-Linked Bonds), and in 2021 it became the first commercial bank in the world to issue a Sustainability-Linked Bond (SLB).

Press contact

Nicole Hanke
Head of Communications and Marketing

T +49 30 2599 9123
nicole.hanke@berlinhyp.de

Berlin Hyp is a wholly owned subsidiary of LBBW and specialises in large-volume real estate financing for professional investors and housing companies. It also provides German savings banks with a comprehensive range of products and services. Sustainability has been a central component of the Bank's business strategy for years. Berlin Hyp plays a pioneering role on the capital market in the development of sustainable refinancing products. At the same time, the Bank also promotes the financing of sustainable real estate in order to help drive the transformation of the real estate market and 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.