

Press Information, 21 August 2019

## Berlin Hyp issues first Jumbo Pfandbrief in 6 years

**With yesterday's bond, Berlin Hyp reopened the covered bond market after the summer break. Its third Pfandbrief issuance in 2019 was priced in deeply negative territory – but the short maturity of three years met such strong demand, that the bank was able to issue its first Jumbo Pfandbrief since 2013.**

The three-year € 1 billion bond has a coupon of 0.01 % and is rated Aaa by the Moody's. With a yield of -0.588 %, the bond shows the lowest issuance yield of all times in the covered bond market.

On Wednesday morning at 8.58 a.m. syndicate banks BayernLB, Commerzbank, Credit Agricole CIB, J.P. Morgan and UniCredit opened the order book with a spread guidance of mid-swap flat to -2 basis points - will price in range. Within a short time, orders of over € 1 billion were collected, which allowed the syndicate to set the price at mid-swap -2 basis points at 10.15 a.m. After the bond volume was fixed at € 1 billion half an hour later, the order book could be closed at 11 a.m. with a total of 38 orders worth € 1.15 billion.

As with the last issuance July 2019, an eight year Green Pfandbrief, more than half of the bond was placed abroad (59 %). Investors from Scandinavia (40 %) in particular showed great interest. Swiss and French investors were accounted for around 6 %. Despite the negative yield, funds ordered 13 % of the bond. However, the lion share went to banks (61 %) and central banks/official institutions (26 %). Savings banks and affiliated companies subscribed around 8 % of the issue.

“Over the summer break, the interest rate environment in the euro zone again decreased significantly, with the result that the major part of the swap curve is now trading in negative territory. Despite the obvious negative yield, the bond offered investors added value due to the low supply of short maturities and relative value aspects,” said Gero Bergmann, member of the Board of Management of Berlin Hyp responsible for capital market business. „We are delighted to see that the Pfandbrief in its 250th year of existence, despite such an unusual environment, has been able to prove its quality as a reliable refinancing instrument.”

### **Press contact**

Nicole Hanke

Communications and Marketing

T +49 30 2599 9123 - [nicole.hanke@berlinhyp.de](mailto:nicole.hanke@berlinhyp.de)

### **Funding & Investor Relations**

Bodo Winkler

T +49 30 25 99 95 21 – [bodo.winkler@berlinhyp.de](mailto:bodo.winkler@berlinhyp.de)

Berlin Hyp specialises in large-volume real estate finance for professional investors and housing societies, 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 is not only at the forefront as the issuer of the first Green Pfandbrief; the bank also supports the financing of sustainable real estate. Berlin Hyp's clear focus, 150 years of experience and the ability to actively shape the digital transformation in the real estate sector with an eye to the future characterise the Bank as a leading German real estate and Pfandbrief bank.