

Press Information, 26 August 2020

Berlin Hyp re-opens Covered Bond market issuing its second Green Pfandbrief in 2020

After almost two months without any new issuance of covered bonds Berlin Hyp reopened the market yesterday with its second Green Pfandbrief in 2020. The debenture represents the bank's tenth benchmark-sized green bond since the inaugural issuance of the first Green Pfandbrief in 2015. The transaction increases the bank's volume of outstanding green bonds to € 5 billion. Thus, Berlin Hyp remains the most active European bank issuer of green bonds.

The ten-year € 500 million bond has a coupon of 0.01% and is rated Aaa by Moody's. Its positive sustainability performance is documented in a Second Party Opinion by ISS-ESG.

On Tuesday morning at 8.55 a.m. syndicate banks Credit Agricole, DZ Bank, HSBC, JP Morgan and LBBW opened the order book with a spread guidance of mid-swap +9 basis points. Bankhaus Lampe was mandated as a Co-Lead Manager.

Within one hour, the order book grew to a volume of more than € 1 billion. Until the closing of the order book at 10.45 a.m., orders worth € 2.1 billion from almost 100 investors have been generated. The re-offer spread was fixed at mid-swap +6 basis points, which is equivalent to a yield of minus 0.112 per cent.

As with the bank's last two Green Pfandbriefe a large share of the bond (44%) was placed abroad. Investors from Scandinavia (16%), Great Britain (9%) and Benelux (6%) showed particular interest. Banks ordered 45% of the bond, while funds participated with 39%. A further 13% went to central banks and official institutions. Savings banks and affiliated companies subscribed to almost 15% of the issue. SRI investors accounted for more than 40% of the final order book.

"Not even two weeks ago we have published our new strategic sustainability agenda. One of its key points is the further enhancement of our green finance portfolio to one third of our overall loan book," said Gero Bergmann, member of the Board of Management of Berlin Hyp, responsible for capital market business. "The strong reception of our tenth green bond in the market makes obvious that we are on a good track. At the same time it demonstrates the high standing that Berlin Hyp enjoys in both markets, the one for covered bonds as well as the one for green bonds."

Berlin Hyp uses the proceeds from the issue to refinance loans for green buildings. The applicable criteria for classification as a green building are predominantly based on the energy efficiency of commercial properties, but also include other sustainability criteria. As with all of its other green bonds, the bank does its best efforts to invest an amount equivalent to the

proceeds from the issue in additional new green building financing within the term of the bond.

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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.