

Press Information, 8 March 2016

## Berlin Hyp issues first Pfandbrief with negative issue yield

### **Today, Berlin Hyp successfully issued the first covered bond with negative yield.**

The three-year bond has a volume of € 500 million, a coupon of 0 % and reports a yield of minus 0.162 %. The Pfandbrief is rated at Aaa and AA+ by the ratings agencies Moody's and Fitch respectively.

The syndicate banks assigned by Berlin Hyp, Crédit Agricole, Deka Bank, J.P. Morgan, LBBW and UniCredit opened their order books at 9 am on Tuesday morning with an initial spread guidance of mid-swap +4 basis points.

In just over an hour orders with a total volume of almost € 1.5 billion were generated from 39 different investors. This considerable over-subscription enabled lead managers to close the order book at 10.20 am and price the bond at mid-swap +1 basis point. A large proportion of the Pfandbrief, amounting to 72 %, went to German investors, followed by investors from Great Britain (9 %) and Scandinavia (6 %). Banks were the largest investor group, accounting for 53 %.

"We are very pleased to have successfully issued this Pfandbrief, the first one with a negative yield," commented Gero Bergmann, Member of the Board of Management responsible for Berlin Hyp's capital market business. "For months now we have been observing one maturity after the other going into negative yield territory. On account of this trend, it was only a matter of time before the first benchmark issue with negative yield took place on the covered bond market. As refinancing with matching maturities is highly important to covered bond issuers, we hope now that there will be a return to more short-term issues on the market. The interest in our Pfandbrief that we were able to generate among investors despite the extraordinary circumstances is evidence of their confidence in our business model. This success further shows the importance of maintaining close contact to investors."

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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's clear focus, almost 150 years of experience and its close proximity to the Savings Banks Finance Group characterise the Bank as a leading German real estate and Pfandbrief bank.