

Press information dated 22 July 2024

Berlin Hyp to issue the first Blockchain Pfandbrief

- **First Pfandbrief issue on the basis of the German Electronic Securities Act (eWPG) and blockchain technology**
- **Blockchain technology offers a high degree of security and enables the digitalisation and automation of complex processes**
- **Cooperation within the Sparkassen-Finanzgruppe: Landesbank Baden-Württemberg (LBBW) and DekaBank acting as lead managers for the syndicated transaction**

Berlin Hyp has announced it will issue the first Mortgage Pfandbrief to be structured on the basis of the German Electronic Securities Act and blockchain technology. This crypto debt security is to have a nominal value of €100 million and a term of three years. The pricing process for the bond is to be completed on 2 August 2024.

“The digitalisation of the capital market is picking up speed”, says Teresa Dreotempsch, member of the Board of Management of Berlin Hyp with responsibility for Capital Market Business. “Given the high degree of efficiency, transparency and security they offer, blockchains will become increasingly important over the medium term as a technology for issuing bonds and managing all relevant processes throughout a bond’s entire life cycle. We want to support this development by issuing our first Blockchain Pfandbrief, and we also plan to share with the capital markets the knowledge we gain from our experience here.”

The Blockchain Pfandbrief will be issued in a syndicated transaction, with DekaBank and LBBW as lead managers. Both of these banks are part of the Sparkassen-Finanzgruppe and will act as custodian banks for the bond issue. DekaBank will also manage the crypto securities register.

The digital platform on which the Berlin Hyp crypto debt security will be issued and managed via the blockchain will be made available by SWIAT GmbH. The blockchain to be used is a private and permissioned blockchain with an algorithm that consumes a relatively low amount of energy. SWIAT is a company based in Frankfurt am Main that develops software for financial market infrastructures. Its shareholders include DekaBank and LBBW.

“I’m pleased that we at DekaBank have been able to contribute to the success of this forward-looking transaction in many ways – as a lead manager, manager of the crypto securities register and a shareholder of the SWIAT fintech company”, says Martin K. Müller, member of the Board of Management of DekaBank. “With this transaction, the Sparkassen-Finanzgruppe is once again positioning itself as a driver of innovation in the German financial sector. The use of the SWIAT platform also confirms the potential that our cooperation approach with LBBW and SC Ventures offers in terms of expanding operations in the financial sector with the help of blockchain technology.”

“Blockchain technology plays a key role in the realisation of the vision of a

“Finternet” as promoted by many central banks”, says Dirk Kipp, member of the Board of Managing Directors of LBBW with responsibility for Capital Markets Business. “That’s because in future it should become possible to rapidly transfer all types of securities across borders with as little friction as possible. Here, computer programs will be used that will allow these assets to manage themselves throughout their entire life cycles. We want to support this development with a Blockchain Pfandbrief, and thus help move the market in the right direction.”

It was also possible to get Metzler Bank on board as a key anchor investor for Berlin Hyp’s Blockchain Pfandbrief.

“The proactive regulatory framework, as well as the latest practical tests relating to the digital euro that were conducted by the European Central Bank, have served to strengthen the digital assets ecosystem and have led to increased investment in such assets by institutional investors”, says Mario Mattera, member of the Executive Board of B. Metzler seel. Sohn & Co. AG. “In this dynamic environment, we can already see the capital market of tomorrow approaching us at a fast pace. We at Metzler Bank therefore believe it’s crucial that we understand just how important this future capital market will be in terms of how it will affect our processes and products. This in turn will ensure that we will be able to continue to offer our customers tailor-made solutions in future. For this reason, we are very pleased to be participating in the issue of the first crypto Pfandbrief as an investor, after having already executed several digital asset transactions ourselves.”

With this first Pfandbrief issue on a blockchain, Berlin Hyp is limiting its approach to the digitalisation of the bond and its issue process. In other words, payments to bondholders will still be made via traditional established payment systems.

Please note: This text has been translated from German. The German version is authoritative.

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