

Press Information, 22 November 2017

Berlin Hyp: Second Pfandbrief with a negative yield successfully issued

Berlin Hyp's second Mortgage Pfandbrief with a negative yield yesterday gave the bank the largest order book so far this year. Orders totalling some € 2 billion were received for the € 500 million benchmark bond within just 75 minutes.

The four-year bond issued yesterday offers a coupon of 0.00 % and a yield of -0.11% and is rated Aaa by Moody's.

The syndicate banks assigned by Berlin Hyp – Barclays, Commerzbank, DZ Bank, J.P. Morgan and LBBW – opened their order books at 9 am on Tuesday morning with an initial spread guidance of mid-swap -14 basis points. As a result, orders worth some € 2 billion were submitted by 54 different investors. This considerable over-subscription enabled the syndicate banks to close the order books at 10.15 am and price the bond at mid-swap -17 basis points. The share of international investors subscribing to the bond was higher than all previous Berlin Hyp covered bonds, at 51 %. Investors from the Benelux region accounted for the highest share of international investors, 14%, followed by Asian and Scandinavian investors with 10 % and 6 % respectively. German investors accounted for 49 % of bond investment. The bond was particularly well-received among banks, central banks and public institutions, which accounted for 51 % and 30 % of bond investment.

“We are delighted that this bond issue has been such a resounding success!” commented Gero Bergmann, Member of the Board of Management at Berlin Hyp. “We have almost exclusively seen covered bonds with much longer maturities this year, and so we were confident that demand for a four-year bond would be strong. But the high level of interest from so many different countries came as a pleasant surprise. This is a testament to our close contact with investors.”

The issue rounds off an extremely satisfying year for the bank on the capital market: it has issued one senior unsecured bond and three Mortgage Pfandbriefe in benchmark format, all with great success. In addition, the senior unsecured bond and one Pfandbrief were issued as green bonds. Furthermore, another Mortgage Pfandbrief was raised to benchmark level (€ 500 million). Berlin Hyp became the first non-state issuer to issue a benchmark bond with a negative issue yield with its Mortgage Pfandbrief issued in March 2016.

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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.