

Press information dated 2 August 2024

## First Berlin Hyp Blockchain Pfandbrief issued successfully

- **First syndicated Pfandbrief issue on the basis of the German Electronic Securities Act (eWpG) and blockchain technology**
- **Berlin Hyp is playing an active role in the further development of the crypto securities market**
- **Knowledge transfer advanced, especially within the Savings Banks Finance Group**

Two weeks after announcing its intention to issue a crypto debt security, Berlin Hyp today became the first bank to issue a digital Mortgage Pfandbrief structured on the basis of the German Electronic Securities Act and using blockchain technology.

The crypto debt security has a total size of €100 million, a coupon of 2.75% and a term of three years. The re-offer yield was 2.783% and the spread mid swaps + 15 basis points. The digital Pfandbrief is expected to receive an Aaa rating from Moody's. The Pfandbrief issuance is executed on a private and permissioned blockchain from SWIAT GmbH. SWIAT is a company based in Frankfurt am Main that develops software for financial market infrastructures. Its shareholders include DekaBank and LBBW, the two banks Berlin Hyp mandated as lead managers for the transaction. The settlement date is 6 August 2024.

"We are extremely pleased about the issuance of our first Blockchain Pfandbrief", says Teresa Dreö-Tempsch, member of the Board of Management of Berlin Hyp with responsibility for Capital Market Business. "With today's transaction, we have shown that the legal framework established by the eWpG also allows for issuing covered bonds in a digital format. We believe this represents a further milestone in the early stages of the development of the market for tokenised securities – and we want to continue to play an active role in this development in the future as well."

Berlin Hyp was also able to get Metzler Bank on board as a key anchor investor even before the transaction was announced on 22 July 2024. DekaBank is acting as the crypto securities registrar for the transaction. Both DekaBank and LBBW are entered for investors as holders of the Pfandbrief in the form of a collective entry. Berlin Hyp relied on the expertise of White & Case LLP when obtaining legal advice on the Pfandbrief issue. DekaBank and LBBW will also act as market makers in the secondary market in order to provide liquidity, and will ensure that the Blockchain Pfandbrief can be traded on the OTC market throughout its term.

Berlin Hyp intentionally set a long time interval for the period between announcing the Pfandbrief and execution of the deal in order to create an opportunity for extensive discussions and the exchange of information with investors and other market players. These activities focused in part on the German savings banks as means of continuing the transfer of knowledge within the Savings Banks Finance Group.

Berlin Hyp has also summarised the most important experiences gained from the Blockchain Pfandbrief issuing process in a lessons learnt document that can be viewed on the [Blockchain Pfandbrief product website](#).

## **Berlin Hyp Press Contact**

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Berlin Hyp is a wholly owned subsidiary of LBBW and specialises in large-volume real estate financing for professional investors and housing companies. It also provides German savings banks with a comprehensive range of products and services. Sustainability has been a central component of the Bank's business strategy for years. Berlin Hyp plays a pioneering role on the capital market in the development of sustainable refinancing products. At the same time, the Bank also promotes the financing of sustainable real estate in order to help drive the transformation of the real estate market and contribute to achieving the goal of climate neutrality. Berlin Hyp's clear focus, more than 155 years of experience and the ability to actively shape digital transformation in the real estate sector characterise the Bank as a leading German real estate and Pfandbrief bank.