

#next dimension berlin hyp

2020 Interim Financial Report

Condensed Interim Financial Statements

Condensed Balance Sheet

as at 30 June 2020

Assets	30.06.2020 € m	31.12.2019 € m	Change € m	Change %
Cash reserves	1,993	26	1,967	-
Claims against banking institutions	481	262	219	83.6
Mortgage loans	0	0	0	-
Public-sector loans	0	0	0	-
Other receivables	481	262	219	83.6
Claims against customers	22,385	22,403	-18	-0.1
Mortgage loans	21,895	21,774	121	0.6
Public-sector loans	414	522	-108	-20.7
Other receivables	76	107	-31	-29.0
Debentures	5,981	3,698	2,283	61.7
Participations	5	6	-1	-16.7
Shares in affiliated enterprises	0	0	0	-
Intangible investment assets	34	31	3	9.7
Tangible assets	41	49	-8	-16.3
Other assets	715	409	306	74.8
Prepaid expenses	119	137	-18	-13.1
Total assets	31,754	27,021	4,733	17.5

Liabilities	30.06.2020 € m	31.12.2019 € m	Change € m	Change %
Liabilities to banking institutions	8,857	4,027	4,830	-
Registered Mortgage Pfandbriefe	178	178	0	0.0
Registered Public Pfandbriefe	9	46	-37	-80.4
Other liabilities	8,670	3,803	4,867	-
Liabilities to customers	4,269	4,325	-56	-1.3
Registered Mortgage Pfandbriefe	1,526	1,622	-96	-5.9
Registered Public Pfandbriefe	242	400	-158	-39.5
Other liabilities	2,501	2,303	198	8.6
Securitised liabilities	16,191	16,152	39	0.2
Registered Mortgage Pfandbriefe	10,295	10,303	-8	-0.1
Registered Public Pfandbriefe	20	20	0	0.0
Other liabilities	5,876	5,829	47	0.8
Other liabilities	381	442	-61	-13.8
Deferred income	113	121	-8	-6.6
Reserves	252	260	-8	-3.1
Subordinated liabilities	317	340	-23	-6.8
Fund for general bank risks	438	418	20	4.8
Equity	936	936	0	0.0
Total liabilities	31,754	27,021	4,733	17.5
Contingent liabilities				
Liabilities from guarantees and warranty contracts	307	259	48	18.5
Other obligations				
Irrevocable loan commitments	2,802	2,959	-157	-5.3

Condensed Profit and Loss Account

from 1 January to 30 June 2020

	01.01.2020 – 30.06.2020 € m	01.01.2019 – 30.06.2019 € m	Change € m	Change %
Net interest income	167.8	155.4	12.4	8.0
Net commission income	10.7	8.4	2.3	27.4
Operating expenditure	86.8	86.1	0.7	0.8
Staff expenditure	35.1	45.9	–10.8	–23.5
Other operating expenditure	39.6	37.0	2.6	7.0
<i>Of which expenditure for bank levy</i>	13.4	12.0	1.4	11.7
Amortisation on and depreciation of and valuation adjustments on intangible investment assets and tangible assets	12.1	3.2	8.9	–
Other operating earnings / expenditure	0.7	–2.4	3.1	–
Operating result before risk provisioning	92.4	75.3	17.1	22.7
Risk provisioning	65.4	–5.4	70.8	–
Operating result after risk provisioning	27.0	80.7	–53.7	–66.5
Financial investment result	–1.1	0.5	–1.6	–
Contribution to the fund for general bank risks	20.0	55.0	–35.0	–63.6
Other taxes	0.1	0.0	0.1	–
Profit before income tax and profit transfer	5.8	26.2	–20.4	–77.9
Income tax	0.1	0.3	–0.2	–66.7
Expenditure from profit transfer	5.7	25.9	–20.2	–78.0
Net income	0.0	0.0	0.0	–

Statement of Changes in Equity

€ m	Subscribed capital	Capital reserve	Profit reserves	Balance sheet profit	Total equity capital
As at 01.01.2019	753.4	158.3	24.2	0.0	935.9
Capital increases	0	0	0	0	0
Dividend payments	0	0	0	0	0
Other changes pursuant to Section 152 (3) No. 1 German Stock Corporation Act (AktG)	0	0	0	0	0
As at 30.06.2019	753.4	158.3	24.2	0.0	935.9

€ m	Subscribed capital	Capital reserve	Profit reserves	Balance sheet profit	Total equity capital
As at 01.01.2020	753.4	158.3	24.2	0.0	935.9
Capital increases	0	0	0	0	0
Dividend payments	0	0	0	0	0
Other changes pursuant to Section 152 (3) No. 1 German Stock Corporation Act (AktG)	0	0	0	0	0
As at 30.06.2020	753.4	158.3	24.2	0.0	935.9

Selected Explanatory Notes

General Information

The Interim Financial Report of Berlin Hyp was prepared according to the provisions of the German Commercial Code (HGB), provisions of supplementary stock corporation law (AktG) and in consideration of the German Securities Trading Act (WpHG), the German Pfandbrief Act (PfandBG) and the Regulation on the Accounts of Banking Institutions (RechKredV).

The balance sheet and profit and loss account are structured in accordance with the RechKredV. They were supplemented by the items prescribed for Pfandbrief banks.

Berlin Hyp holds shares in a subsidiary that has, in whole or in part, no material influence on the representation of the financial, assets and earnings situation of Berlin Hyp. Berlin Hyp has no legal obligation to produce consolidated annual accounts according to Section 290 German Commercial Code (HGB).

Reporting and Valuation Principles

The reporting and valuation methods used for the preparation of the annual financial statements as at 31 December 2019 have been applied essentially without change in the preparation of the condensed interim financial statements. Any amendments which have arisen are explained below.

Berlin Hyp is a subsidiary of Landesbank Berlin Holding AG, Berlin, and is included in the consolidated annual accounts of Erwerbsgesellschaft der S-Finanzgruppe mbH & Co.KG, Neuhardenberg, (Erwerbsgesellschaft) (smallest and largest consolidation group as defined in Section 285 Nos. 14 and 14a German Commercial Code (HGB)). Berlin Hyp and Landesbank Berlin Holding AG have a profit and loss transfer agreement and constitute a tax unity for sales and income tax purposes.

Notes to the Condensed Profit and Loss Account

Net interest income	01.01.2020 – 30.06.2020 €m	01.01.2019 – 30.06.2019 €m	Change €m	Change %
Interest earnings from				
Mortgage loans	201.9	188.0	13.9	7.4
Public-sector loans	0.0	–0.3	0.3	–
Other receivables	0.7	0.6	0.1	16.7
<i>less negative interest</i>	–2.7	–3.4	0.7	–20.6
Fixed-income securities and book-entry securities	–2.5	–0.6	–1.9	–
	197.4	184.3	13.1	7.1
Interest expenditure for				
Deposits and registered Pfandbriefe	0.8	3.9	–3.1	–79.5
<i>less negative interest</i>	–8.0	–9.1	1.1	–12.1
Securitized liabilities	–11.3	–3.0	–8.3	–
Subordinated liabilities	2.3	3.0	–0.7	–23.3
Other liabilities	45.8	34.1	11.7	34.3
	29.6	28.9	0.7	2.4
Net interest income	167.8	155.4	12.4	8.0

The interest expenditures from other liabilities are essentially influenced by the negative interest result from macro-level management derivatives in the amount of € 45.8 million (previous year: € 34.1 million); this includes expenses for close-outs to compensate for the early-repayment fees received in interest income from mortgage loans. Interest gains

from balance sheet transactions generated by Berlin Hyp in the first half of 2020 resulting from the current negative-interest environment are included in interest income of € 2.7 million (previous year: € 3.4 million) and interest expenditure of € 8.0 million (previous year: € 9.1 million).

Operating expenditure	01.01.2020 – 30.06.2020 € m	01.01.2019 – 30.06.2019 € m	Change € m	Change
Staff expenditure				
Wages and salaries	27.8	28.0	–0.2	–0.7
Social security contributions / retirement pensions	7.3	17.9	–10.6	–59.2
	35.1	45.9	–10.8	–23.5
Other operating expenditure				
Bank levy	13.4	12.0	1.4	11.7
Staff-related material costs	1.0	1.6	–0.6	–37.5
Building and premises costs	2.8	2.2	0.6	27.3
Operating and business equipment	0.5	0.3	0.2	66.7
IT expenditure	9.3	9.4	–0.1	–1.1
Advertising and marketing	0.7	1.1	–0.4	–36.4
Business operation costs	1.6	1.7	–0.1	–5.9
Consultants / audits / subscriptions	7.3	6.0	1.3	21.7
Group payment set-off	3.0	2.7	0.3	11.1
	39.6	37.0	2.6	7.0
Amortisation on and depreciation of and valuation adjustments intangible investment assets and tangible assets	12.1	3.2	8.9	–
Operating expenditure	86.8	86.1	0.7	0.8
Risk provisioning				
	01.01.2020 – 30.06.2020 € m	01.01.2019 – 30.06.2019 € m	Change € m	Change %
Risk provisioning for lending business	55.4	–0.4	55.8	–
Securities results	10.0	–5.0	15.0	–
Risk provisioning	65.4	–5.4	70.8	–

Earnings with negative advance signs

Notes to the Balance Sheet

Securities with a nominal volume of € 160.0 million are evaluated as fixed assets since they do not serve as a liquidity reserve and are partially used to cover Pfandbriefe issued by the Bank.

The book value of the securities, which is above their market value of € 85.3 million, amounts to € 90.8 million. This takes into account the valuation results from interest swaps.

Claims Against and Liabilities to Affiliated Enterprises and Associated Companies	30.06.2020 € m	31.12.2019 € m	Change € m	Change in %
Claims against banking institutions	2.9	4.5	-1.6	-35.6
Claims against customers	0.0	0.0	0.0	-
Other assets	0.0	0.0	0.0	-
Liabilities to banking institutions	0.6	0.6	0.0	0.0
Liabilities to customers	0.0	0.0	0.0	-
Other liabilities	8.7	66.0	-57.3	-86.8
Subordinated liabilities	60.0	60.0	0.0	0.0

Derivatives as at 30.06.2020 in € m	Nominal amount / Remaining term			Total Nomi- nal	Total negative market values	Total positive market values	Total of negative book values (liabilities)	Balance sheet items (liabilities)	Total of positive book values (assets)	Balance sheet items (assets)
	up to 1 year	from 1 to 5 years	5 years							
Interest-related transactions										
Interest rate swaps	5,080	25,297	25,408	55,785	-1,578	1,650	-71	P6	64	A15
<i>of which in valuation units</i>	120	1,626	2,976	4,722	-288	0	0		0	
Swaptions	1,075	1,000	200	2,275	-6	4	-6	P5	9	A14
Securities future	30	0	0	30	-53	0	0		0	
Caps	287	2,003	115	2,405	-1	0	-4	P6	3	A15
Floors	2,000	3,642	177	5,819	-14	2	-4	P6	0	A15
Collar caps	8,472	31,942	25,900	66,314	-1,652	1,656	-85		76	
Currency-related transactions										
Forward exchange dealings	139	0	0	139	0	1	0	A14	1	A14
Interest and currency swaps	132	67	0	199	0	23	0	A14	23	A14
	271	67	0	338	0	24	0		24	
Total	8,743	32,009	25,900	66,652	-1,652	1,680	-85		100	

Completed business transactions largely serve to hedge interest and exchange rate risks of underlying transactions. The market values of the derivative financial instruments are shown on the basis of the interest rate applicable on 30 June 2020 taking into account interest accruals. The market values of the derivatives

are counteracted by opposing valuation effects of the balance sheet. All derivatives – with the exception of customer derivatives – are hedged by collaterals. In the case of customer derivatives, land charges pledged in relation to the underlying loans also apply as collateral for the derivative transaction.

Human Resource Statistics

Number of Staff

Average of 01.01.–30.06.2020

	male	female	total
Full-time staff	279	174	453
Part-time staff	20	127	147
School-leaver trainees / BA students	5	0	5
Total	304	301	605

Information pursuant to Section 28 of the German Pfandbrief Act (Pfandbriefgesetz)

Information to be published on a quarterly basis in accordance with Section 28 of the Pfandbrief Act is published on the Bank's website at www.berlinhyp.de.

Statement of the Legal Representatives

"To the best of our knowledge we give the assurance that, in accordance with the accounting principles applicable to an interim report, the Bank's Interim Financial Statements accurately illustrate the Bank's actual circumstances with regard to its net assets, financial and earnings situation and that the course of business, including the results and the Bank's position, are shown in the Bank's Interim Management Report in such a way that the image conveyed corresponds to the actual circumstances, and that the major opportunities and risks of the probable development of the enterprise during the rest of the financial year are described."



Sascha Klaus



Gero Bergmann



Alexander Stuwe

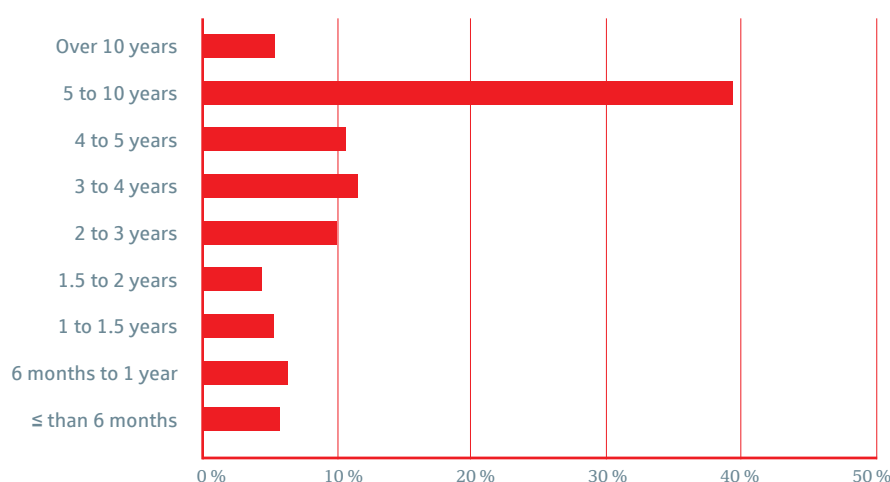
Berlin, July 2020

Further Information for Investors

Mortgage Loans Portfolio

The breakdown of the mortgage loans portfolio by maturity structure and loan-to-value ratio as at 30 June 2020 was as follows:

Maturity Structure of Loans



Loan To Value according to countries (with exposure > 1 % of the reporting total) in %

Lending region	Ø LTV
Germany	57.2
Belgium/Netherlands	52.9
France	48.7
Poland/Czech Republic	61.3
Great Britain	43.7

Available Distributable Items (ADI) in € m

	30.06.2020	31.12.2019
Balance sheet profit	0.0	0.0
Net income / loss for the year	0.0	0.0
Profit / loss carryforward from the previous year	0.0	0.0
Transfers to / withdrawals from retained earnings	0.0	0.0
Other profit reserves excluding statutory reserves*	2.2	2.2
Free capital reserve in accordance with Section 272 II No. 4 HGB	158.3	158.3
less amounts blocked from distribution pursuant to Section 268 VIII HGB	-28.0	-28.9
Available items capable of distribution	132.5	131.6

* after allocations to profit reserves

Regulatory Law Key Figures

in € m

	30.06.2020	31.12.2019
Common equity tier 1 capital (CET1)	1,338	1,324
Additional tier 1 capital (AT1)	0	0
Tier 1 capital (T1)	1,338	1,324
Tier 2 capital (T2)	256	273
Own funds / Total capital	1,594	1,597
Risk weighted assets (RWA)	10,207	9,991
CET1 ratio in %	13.1	13.3
T1 ratio in %	13.1	13.3
Total capital ratio in %	15.6	16.0
Leverage ratio in %	4.0	4.6
MREL (balance sheet total)	19.4	23.4
MREL (RWA)	63.0	66.6
LCR	251	157

Insolvency Hierarchy and Protection of Senior-Unsecured Investors

in € m

Buffer before senior unsecured losses 1,690.7 5.3 % (to Balance sheet total) 16.6 % (to RWA)	Equity CET 1 1,338.2 13.1 %	Subscribed capital 753.4	MREL-ratio¹ 19.4 % (to Balance sheet total ²) 63.0 % (to RWA)
		Reserves 182.5	
		Fund for general bank risks (Section 340g HGB) 418.0 (after adoption) 20.0 (formed during the financial year)	
	T2 instruments	Subordinated liabilities 316.8	
	Senior non-preferred and senior unsecured debt instruments 8,037.8 (4,828.6 ¹)		

¹ For regulatory purposes, structured debt instruments, money market securities and long-term securities with remaining terms of less than one year are not taken into account for the MREL ratio.

² comparable with TLOF