

Defining values – and living up to them

Interim Financial Report as at 30 June 2021

Condensed Interim Financial Statements

Condensed Balance Sheet

as at 30 June 2021

Assets	30.06.2021 € m	31.12.2020 € m	Change € m	Change %
Cash reserves	2,314	1,894	420	22,2
Claims against banking institutions	89	112	-23	-20,5
Mortgage loans	0	0	0	-
Public-sector loans	0	0	0	-
Other receivables	89	112	-23	-20,5
Claims against customers	25,961	24,383	1,578	6,5
Mortgage loans	25,410	23,864	1,546	6,5
Public-sector loans	414	418	-4	-1,0
Other receivables	137	101	36	35,6
Debentures	6,527	6,223	304	4,9
Participations	3	3	0	0,0
Shares in affiliated enterprises	0	0	0	-
Intangible investment assets	38	37	1	2,7
Tangible assets	44	43	1	2,3
Other assets	319	624	-305	-48,9
Prepaid expenses	96	104	-8	-7,7
Total assets	35,391	33,423	1,968	5,9

Liabilities	30.06.2021 € m	31.12.2020 € m	Change € m	Change %
Liabilities to banking institutions	9,185	9,458	-273	-2.9
Registered Mortgage Pfandbriefe	205	125	80	64.0
Registered Public Pfandbriefe	24	9	15	-
Other liabilities	8,956	9,324	-368	-3.9
Liabilities to customers	4,403	4,476	-73	-1.6
Registered Mortgage Pfandbriefe	1,431	1,506	-75	-5.0
Registered Public Pfandbriefe	215	238	-23	-9.7
Other liabilities	2,757	2,732	25	0.9
Securitised liabilities	19,347	17,081	2,266	13.3
Registered Mortgage Pfandbriefe	11,971	10,453	1,518	14.5
Registered Public Pfandbriefe	0	21	-21	-
Other liabilities	7,376	6,607	769	11.6
Other liabilities	291	361	-70	-19.4
Deferred income	122	114	8	7.0
Reserves	276	276	0	0.0
Subordinated liabilities	231	233	-2	-0.9
Fund for general bank risks	600	488	112	23.0
Equity	936	936	0	0.0
Total liabilities	35,391	33,423	1,968	5.9
Contingent liabilities				
Liabilities from guarantees and warranty contracts	234	184	50	27.2
Other obligations				
Irrevocable loan commitments	2,479	3,006	-527	-17.5

Condensed Profit and Loss Account

from 1 January to 30 June 2021

	01.01.2021 – 30.06.2021 € m	01.01.2020 – 30.06.2020 € m	Change € m	Change %
Net interest income	220.8	167.8	53.0	31.6
Net commission income	13.0	10.7	2.3	21.5
Operating expenditure	94.3	86.8	7.5	8.6
Staff expenditure	45.2	35.1	10.1	28.8
Other operating expenditure	44.4	39.6	4.8	12.1
<i>Of which expenditure for bank levy</i>	<i>16.4</i>	<i>13.4</i>	<i>3.0</i>	<i>22.4</i>
Amortisation on and depreciation of and valuation adjustments on intangible investment assets and tangible assets	4.7	12.1	-7.4	-61.2
Other operating earnings / expenditure	-3.0	0.7	-3.7	-
Operating result before risk provisioning	136.5	92.4	44.1	47.7
Risk provisioning	-2.5	65.4	-67.9	-
Operating result after risk provisioning	139.0	27.0	112.0	-
Financial investment result	3.2	-1.1	4.3	-
Contribution to the fund for general bank risks	112.0	20.0	92.0	-
Other taxes	0.1	0.1	0.0	0.0
Profit before income tax and profit transfer	30.1	5.8	24.3	-
Income tax	0.1	0.1	0.0	0.0
Expenditure from profit transfer	30.0	5.7	24.3	-
Net income	0.0	0.0	0.0	-

Statement of Changes in Equity

as at 30 June 2021

€ m	Subscribed capital	Capital reserve	Profit reserves	Balance sheet profit	Total equity capital
As at 01.01.2021	753.4	158.3	24.2	0.0	935.9
Capital increases	0.0	0.0	0.0	0.0	0.0
Dividend payments	0.0	0.0	0.0	0.0	0.0
Other changes pursuant to Section 152 (3) No. 1 German Stock Corporation Act (AktG)	0.0	0.0	0.0	0.0	0.0
As at 30.06.2021	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 01.01.2021	753.4	158.3	24.2	0.0	935.9
Capital increases	0.0	0.0	0.0	0.0	0.0
Dividend payments	0.0	0.0	0.0	0.0	0.0
Other changes pursuant to Section 152 (3) No. 1 German Stock Corporation Act (AktG)	0.0	0.0	0.0	0.0	0.0
As at 30.06.2021	753.4	158.3	24.2	0.0	935.9

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 and four investments that have no material influence on the representation of the financial, assets and earnings situation of Berlin Hyp either individually or as a whole. Berlin Hyp has no legal obligation to produce consolidated annual accounts according to Section 290 of the 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 2020 have been applied essentially without change in the preparation of the condensed interim financial statements. Any amendments which have arisen are explained below. No audit or audit review of the 2021 interim financial statements was conducted.

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 of the 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	01.01.2021 – 30.06.2021 € m	01.01.2020 – 30.06.2020 € m	Change € m	Change %
Interest income from				
mortgage loans	209.1	201.9	7.2	3.6
Public-sector loans	–0.9	0.0	–0.9	–
Other receivables	1.6	0.7	0.9	–
<i>less negative interest</i>	–7.6	–2.7	–4.9	–
Money market transactions	–0.6	0.0	–0.6	–
Fixed-income securities and book-entry securities	–6.6	–2.5	–4.1	–
	195.0	197.4	–2.4	–1.2
Interest expenditure for				
Deposits and registered Pfandbriefe	–2.4	0.8	–3.2	–
<i>less negative interest</i>	–70.3	–8.0	–62.3	–
Securitised liabilities	–12.3	–11.3	–1.0	8.8
Subordinated liabilities	1.7	2.3	–0.6	–26.1
Other liabilities	57.5	45.8	11.7	25.5
	–25.8	29.6	–55.4	–
Net interest income	220.8	167.8	53.0	31.6

The interest expenditures from other liabilities are essentially influenced by the negative interest result from macro-level management derivatives in the amount of €57.5 million (previous year: €45.8 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 2021

resulting from the current negative-interest environment are included in interest income of €7.6 million (previous year: €2.7 million) and interest expenditure of €70.3 million (previous year: €8.0 million). The increase in the negative interest rates that are included in interest expenditure is based on the reduced interest rates granted within the framework of the ECB's targeted longer-term refinancing operations (TLTRO III).

Operating expenditure	01.01.2021 – 30.06.2021 € m	01.01.2020 – 30.06.2020 € m	Change € m	Change %
Staff expenditure				
Wages and salaries	29.7	27.8	1.9	6.8
Social security contributions / retirement pensions	15.5	7.3	8.2	–
	45.2	35.1	10.1	28.8
Other operating expenditure				
Bank levy	16.4	13.4	3.0	22.4
Staff-related material costs	0.8	1.0	–0.2	–20.0
Building and premises costs	2.3	2.8	–0.5	–17.9
Operating and business equipment	0.5	0.5	0.0	0.0
IT expenditure	11.7	9.3	2.4	25.8
Advertising and marketing	0.8	0.7	0.1	14.3
Business operation costs	1.0	1.6	–0.6	–37.5
Consultants / audits / subscriptions	7.6	7.3	0.3	4.1
Group payment set-off	3.3	3.0	0.3	10.0
	44.4	39.6	4.8	12.1
Amortisation on and depreciation of and valuation adjustments on intangible investment assets and tangible assets	4.7	12.1	–7.4	–61.2
Operating expenditure	94.3	86.8	7.5	8.6
Risk provisioning				
Risk provisioning for lending business	13.1	55.4	–42.3	–76.4
Securities results	–15.6	10.0	–25.6	–
Risk provisioning	–2.5	65.4	–67.9	–

Notes to the Balance Sheet

Securities with a nominal volume of €80.0 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 stands above their market value of €79.5 million, amounts to €80.0 million. This takes into account the valuation results from interest swaps.

Claims from and Liabilities to Affiliated Enterprises and Related Companies

	30.06.2021 €m	31.12.2020 €m	Veränderung €m	Veränderung %
Claims against banking institutions	0.2	4.2	-4.0	-95.2
Claims against customers	31.4	32.2	-0.8	-2.5
Other assets	0.1	0.0	0.1	-
Liabilities to banking institutions	0.0	0.0	0.0	-
Liabilities to customers	0.5	0.5	0.0	0.0
Securitised liabilities	0.0	0.0	0.0	-
Other liabilities	34.1	23.4	10.7	45.7
Subordinated liabilities	0.0	0.0	0.0	-

**Derivatives
as at 30.06.2021
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	2,731	19,584	20,660	42,975	-827	979	-56	P6	48	A15
<i>of which in valuation units</i>	205	1,889	2,463	4,558	-104	12	0		0	
FRA sales	0	0	0	0	0	0	0		0	
Swaptions	2,471	19	200	2,690	-4	4	-5	P5	5	A14
Securities future	0	0	0	0	0	0	0		0	
Caps	362	2,796	203	3,361	-6	0	-4	P6	2	A15
Floors	0	3,942	127	4,069	-8	1	-4	P6	0	A15
	5,564	26,341	21,190	53,095	-845	984	-69		55	
Currency-related transactions:										
Forward exchange dealings	524	0	0	524	0	5	0	A14	6	A14
Interest and currency swaps	0	67	228	295	-2	0	-2	A14	0	A14
	524	67	228	819	-2	5	-2		6	
Total	6,088	26,408	21,418	53,914	-847	989	-71		61	

Derivatives
 as at 30.06.2020
 in €m

	Nominalbetrag/ Restlaufzeit			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	
FRA sales	0	0	0	0	0	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
	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 financial underlying transactions. The market values of the derivative financial instruments are shown on the basis of the interest rate applicable on 30 June 2021 without taking into account interest accruals. The market values of the derivatives are counteracted by the valuation advantages of the balance sheet operations not assessed at market price. All

derivatives – with the exception of customer derivatives and transactions with Landesbank Berlin – are hedged using collateral agreements. No collateral agreements are used in transactions with Landesbank Berlin due to the group affiliation. 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

	01.01.– 30.06.2021			01.01.– 30.06.2020		
	Male	Female	Total	Male	Female	Total
Full-time staff	276	182	458	279	174	453
Part-time staff	30	108	138	20	127	147
School-leaver trainees / BA students	2	2	4	5	0	5
Total	308	292	600	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.



Sascha Klaus



Maria Teresa Dreio-Tempsch



Alexander Stuwe

Berlin, July 2021

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



Maria Teresa Dreio-Tempsch



Alexander Stuwe

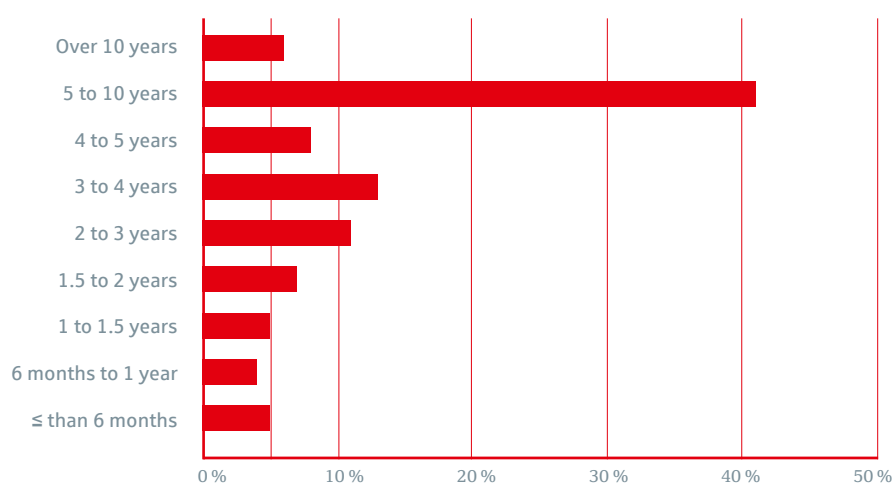
Berlin, July 2021

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 2021 was as follows:

Maturity Structure of Loans



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

%

Lending Region	Ø LTV
Germany	53.5
Belgium/The Netherlands/Luxembourg	51.0
France	49.3
Poland / Czech Republic	55.1
Great Britain	60.1

ADI - Available Distributable Items

€m

	30.06.2021	31.12.2020
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 pursuant to Section 272 II No. 4 HGB	158.3	158.3
less amounts blocked from distribution pursuant to Section 268 VIII HGB	-29.0	-30.1
Available distributable items	131.5	130.4

* after allocations to profit reserves

Regulatory Key Figures

€m

	30.06.2021	31.12.2020
Common equity tier 1 (CET1)	1,495.0	1,386.6
Additional tier 1 capital (AT1)	0.0	0.0
Tier 1 capital (T1)	1,495.0	1,386.6
Tier 2 capital (T2)	236.1	244.2
Own funds / Total capital	1,731.1	1,630.8
Risk weighted assets (RWA)	10,741.2	10,320.9
CET1 ratio in %	13.9	13.4
T1 ratio in %	13.9	13.4
Total capital ratio in %	16.1	15.8
Leverage ratio in %	4.3	4.1
MREL (Leverage Ratio) *	24.0	17.5
MREL (Total Risk Exposure Amount)	76.9	57.0
LCR	171.8	140.7

Insolvency Hierarchy and Protection of Senior-Unsecured Investors

in €m

Buffer before senior unsecured losses 1,766.7 5.0 % (to Balance sheet total) 16.4 % (to RWA)	Equity 1,495.0 13.9 %	Subscribed capital 753.4	MREL ratio¹ 24.0 % (to LR exposure) 76.9 % (to RWA)
		Reserves 182.5	
		Fund for general banking risks (Section 340g HGB) 600.0 comprised in CET1 0.0 not comprised in CET1	
	T2 Instruments	Subordinated liabilities 230.8	
	Senior non-preferred and senior unsecured debt instruments 9,403.0 (6,477.4) ¹		

¹ MREL – minimum requirement for Berlin Hyp as a separate financial institution of 3.00% leverage ratio exposure (LRE) and 10.55% total risk exposure amount (TREA, incl. combined buffer requirement – CBR); effective from 01/02/2021; must be fully complied with from 01/01/2022. In 2021: inclusion of senior unsecured debt (senior preferred) with consideration of qualitative minimum requirements

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- Annual Report 2020
(German/English)
- Half-Year Financial Report as at
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(German/English)
- Interim Report as at 30 September 2021
(German/English)
- GRI Report 2020
(German/English)