



Interim Report  
as at 30 September 2017

# Key figures of the Berlin Hyp

Excerpt from the Balance Sheet <i>in € m</i>	30.09.2017	31.12.2016
Claims against banking institutions	785	551
Claims against customers	19,851	19,370
Of which:		
a) Mortgage loans	19,014	18,125
b) Public-sector loans	761	1,228
Liabilities to banking institutions	5,571	4,814
Liabilities to customers	6,140	5,476
Of which:		
a) Registered mortgage Pfandbriefe	2,395	2,374
b) Registered public Pfandbriefe	690	1,030
Securitised liabilities	12,399	13,615
Of which:		
a) Mortgage Pfandbriefe	7,877	8,040
b) Public Pfandbriefe	713	1,640
Reported equity	936	936
Balance sheet total	26,558	26,354

Excerpt from the Profit and Loss Account <i>in € m</i>	01.01.–30.09.2017	01.01.–30.09.2016
Net interest income	211.9	199.3
Net commission income	29.1	28.6
Staff expenditure	49.8	45.9
Other operating expenditure <sup>2</sup>	43.9	46.0
<i>Of which expenditure for bank levy</i>	<i>10.1</i>	<i>10.9</i>
Depreciation on tangible assets	3.6	2.9
Operating expenditure	97.3	94.8
Risk provisioning	39.7	40.2
Operating result	101.1	74.4
Income from financial investments	3.2	2.7
Provision for general banking risks	30.0	30.0
Profit transfer	73.8	47.0
Net income for the year	0.0	0.0
Cost-income ratio after the bank levy in %	40.9	45.3
Return on equity in %	12.6	9.9

Business Development <i>in € m</i>	01.01.–30.09.2017	01.01.–30.09.2016
New lending	4,077	3,639
Of which:		
Residential loans	1,269	684
Commercial loans	2,808	2,955
Extensions (capital employed ≥ 1 year)	1,062	503
NPL <sup>1</sup>	407	554

Regulatory law key figures <sup>3</sup> <i>in € m</i>	30.09.2017	31.12.2016
Common equity tier 1 capital (CET1)	1,075	1,076
Additional tier 1 capital (AT1)	0	0
Tier 1 capital (T1)	1,075	1,076
Tier 2 capital (T2)	280	318
Own funds (Total capital)	1,355	1,395
Risk weighted assets (RWA)	8,524	7,972
CET1 capital ratio in %	12.6	13.5
T1 capital ratio in %	12.6	13.5
Total capital ratio in %	15.9	17.5
Leverage ratio in %	3.9	3.9

Sustainability	2016	2015
oekom research	B- (Prime)	C (Prime)

Others	30.09.2017	31.12.2016
Number of employees (as at the reporting date)	582	585

<sup>1</sup> NPL portfolio will be apportioned from 2017 onwards pursuant to the EBA Guidelines on the basis of rating scores (previously: risk class); previous-year comparative figures were adjusted.

<sup>2</sup> The bank levy was reclassified to "Other operating expenditure" as at 31.12.2016; pro-rata comparative figures were adjusted.

<sup>3</sup> Previous year figures after adoption

# Content

Management	4	Organs of the Bank and Other Important Functions
Interim Report – Letter from the Board of Management	7	New Lending
	7	Berlin Hyp as a Partner to the Savings Banks Finance Group
	7	Business Performance from January to September 2017
	8	Earnings Situation
	9	Capitalisation
	9	Balance Sheet Total
	9	Refinancing
	10	Outlook
Quarterly Accounts	12	Excerpt from the Balance Sheet to 30 September 2017
	14	Profit and Loss Account from 1 January to 30 September 2017
Service	16	Addresses
	16	Contacts
	17	Imprint

# Organs of the Bank and Other Important Functions

## Supervisory Board

### Georg Fahrenschon

- Chair
- President of Deutscher Sparkassen- und Giroverband e.V.

### Jana Pabst

- Deputy Chair
- Bank employee
- Chair of the Works Council of Berlin Hyp AG

### Joachim Fechteler

- Bank employee
- Member of the Works Council of Berlin Hyp AG

### Gerhard Grandke

- Managing President of German Savings Banks and Giro Association of Hesse-Thuringia

### Artur Grzesiek

- Chairman of the Board of Management of Sparkasse Cologne-Bonn

### Dr. Harald Langenfeld

- Chair of the Board of Management of Stadt- und Kreissparkasse Leipzig

### Thomas Mang

- President of Savings Banks Association of Lower Saxony

### Thomas Meister

- Bank employee

### Siegmar Müller

- Chair of the Board of Management of Sparkasse Germersheim-Kandel
- Landesobmann of the Rhineland-Palatinate Savings Banks Board of Management Members

### Reinhard Sager

- President of German Administrative District Parliament
- County Council Chairman of East Holstein District

### Andrea Schlenzig

- Bank employee

### Helmut Schleweis

- Chair of the Board of Management of Sparkasse Heidelberg
- Bundesobmann of the Savings Banks Board of Management Members

### Peter Schneider

- President of Savings Banks Association of Baden-Württemberg

### Walter Strohmaier

- Chair of the Board of Management of Sparkasse Niederbayern-Mitte,
- Landesobmann of the Bavarian Savings Banks

### René Wulff

- Bank employee
- Deputy Chair of the Works Council of Berlin Hyp AG

## **Supervisory Board Committees**

### → Staff and Strategy Committee

**Georg Fahrenschoen**  
Chair

**Helmut Schleweis**  
Deputy Chair

**Dr. Harald Langenfeld**

**Thomas Mang**

**Thomas Meister**

**Andrea Schlenzig**

### → Loans Committee

**Thomas Mang**  
Chair

**Dr. Harald Langenfeld**  
Deputy Chair

**Artur Grzesiek**

**Walter Strohmaier**

**René Wulff**

### → Audit Committee

**Helmut Schleweis**  
Chair

**Gerhard Grandke**  
Deputy Chair

**Joachim Fechteler**

**Siegmar Müller**

**Peter Schneider**

## **Trustee**

**Christian Ax**

## **Deputy Trustees**

**Wolfgang Rips**

**Philip Warner**

## **Board of Management**

**Sascha Klaus**  
Chair

**Gero Bergmann**

**Roman Berninger**

## **Managing Director**

**Dr. Michael Schieble**

# Letter from the Board of Management

Dear Business Partners and Colleagues,

Berlin Hyp's business environment has continued its predominantly positive development in the third quarter of 2017, surpassing our expectations.

Despite the wide range of political and economic risks, the global economy continued its recovery. The uncertainties stemming from the change in administrations in the United States have waned in the light of the difficulties in fulfilling election campaign promises, and the new geopolitical risks from the budding conflict with North Korea have not had any noticeable economic effects so far.

Economic growth in the euro area was extremely dynamic in the first half of the year in particular, though it remained at a high level in the third quarter as well according to indicators. Expansionary consumer and government spending as well as a steady increase in investments were the forces driving this development. Following the pro-EU election outcomes in the Netherlands and France, economic uncertainties already began to ebb during the first half of the year. The result of the snap parliamentary election in the United Kingdom also made a hard Brexit less likely and further improved the situation in the euro area, at least for the time being.

Germany witnessed positive economic development as well. Apart from domestic consumer spending and investments as the main driving forces behind this trend, consolidated net exports also lent key support to the continued upswing.<sup>1</sup>

The European Central Bank (ECB) continued its expansionary monetary policy. Admittedly, the ECB scaled back the scope of its bondbuying programme slightly, and since March 2017, it has not provided any additional long-term interest rate tenders. However, this cannot be regarded as an initial step towards a turnaround in interest rates, as we have yet to see

any changes in the direction on interest rate policy. Market conditions in this phase of low interest rates, together with the steady increase in regulatory requirements, continued to have a negative impact on the banking sector and intensified the competition among banks.

The German economy's fundamentals, which remain in excellent shape, and the continued pressure to invest on the part of investors made a decisive contribution to exceptionally high levels of activity on the German commercial real estate market.

As a result, the transaction volume for commercial real estate in Germany amounted to roughly € 38.6 billion in the first nine months of the year. This result represents an increase of approximately 18 % compared to the previous year, and it is the second-best third-quarter result after 2007. Foreign investors in particular continue to regard German commercial real estate as being especially attractive. The share in the total volume of commercial real estate investments attributable to foreign investors rose in the first three quarters of the year from 38 % in 2016 to 49 % in 2017.

In terms of the respective types of use, office real estate dominated Germany's commercial segment in the first nine months of 2017, accounting for an investment volume of nearly € 19 billion (previous year: € 14.9 billion), or 49 % of the total volume (previous year: 46 %). This segment was followed by retail real estate in second place with a volume of some € 9 billion (previous year: € 8.1 billion), or a share of approximately 23 % (previous year: 25 %). The importance of warehouse and logistics real estate increased substantially in the first three quarters of 2017. With growth of 103 %, this segment more than doubled compared to the previous year due to high-volume portfolio transactions, among other reasons. Roughly 15 % (approx. € 5.8 billion) of the total invest-

<sup>1</sup> Source for the macroeconomic framework conditions: German Institute for Economic Research (DIW), Institute for the World Economy (IfW), Kiel.

ment volume was attributable to this segment. The remaining volume was shared between special-purpose properties, primarily hotel real estate, which accounted for more than 7 %.

Many deals currently being arranged point to what should be a strong fourth quarter with high turnover – in fact, the transaction volume for the year as a whole could well exceed € 50 billion in the end.<sup>2</sup> Nonetheless, competition remains fierce in the commercial real estate financing market, paired with declining margins from new business. Berlin Hyp therefore looks back at its business performance to date for 2017 with even greater satisfaction, as we have been able to cement our position once again and sustainably continue our successful development.

The additional potential resulting from Berlin Hyp's position on the market, combined with a sound refinancing strategy, are solid foundations for the continuation of Berlin Hyp's very successful business operations. We expect the financial year to go according to plan with earnings before profit transfer that are up substantially on the previous year.

#### **New Lending**

New lending in the real estate financing business totalled € 4,077 million in the first three quarters (previous year: € 3,639 million). Despite the extremely active competitive environment, new lending volume plus existing long-term extensions came to a pleasing € 5,139 million (previous year: € 4,142 million).

The investors customer group accounted for the lion's share of new lending at 74 %. Of the total transactions, 22 % were concluded with developers/builders, and 4 % with housing societies. The commercial real estate asset class accounted for 69 % of financing agreements, while 31 % of new lending business was attributed to residential real estate.

#### **Berlin Hyp as a Partner to the Savings Banks Finance Group**

S-Group business totalled € 844 million as at the reporting date of 30 September 2017 (previous year: € 1,181 million). Joint syndication business with savings banks was largely responsible for generating this amount, while a third-quarter ImmoSchuldschein transaction secured by a retail portfolio accounted for € 121 million (previous year: € 225 million through two ImmoSchuldschein transactions).

The number of savings banks to participate in Berlin Hyp financing through ImmoSchuldscheine now stands at 94 institutions across all member associations. Berlin Hyp is already a partner to 114 savings banks through joint financing contracts and was therefore able to further expand its connections within the Savings Banks Finance Group.

The pilot transaction of the new ImmoAval product was fully placed in August 2017. Four savings banks were involved with a liability amount of € 10 million in total. In future, ImmoAval will supplement Berlin Hyp's product portfolio aimed at meeting the various needs structures of savings banks.

#### **Business Development from January to September 2017**

In its outlook for 2017, Berlin Hyp forecast a slight rise in earnings before profit transfer and an adequate level of provision reserves pursuant to Section 340g German Commercial Code (HGB) to strengthen regulatory capital requirements.

Against the backdrop of persistently low interest rates, fierce competition in the commercial real estate financing market and ever-stricter regulatory requirements, the first three quarters of 2017 were a resounding success. Earnings before profit transfer came to € 73.8 million, significantly exceeding the previous year's figure.



<sup>2</sup> Source for the real estate market data: CBRE, Savills.

Berlin Hyp remains one of Germany's leading commercial real estate financiers. Following a substantial increase compared to the previous year, the volume of new lending agreements that were concluded stood at €4,077 million, and Berlin Hyp managed to further boost its integration within the Savings Banks Finance Group.

As part of the future-oriented process "berlin-hyp21" launched in 2016, the Bank continued to focus squarely on the challenges of the industry. Besides optimising the IT system environment and systematically basing the core banking system on SAP, this involves the Bank continuing its efforts to implement the digitalisation strategy through the intelligent networking and automation of front- and back-office processes.

In September 2017, the sustainability rating agency oekom research named Berlin Hyp an industry leader in its corporate rating. In doing so, the rating agency confirms Berlin Hyp's above-average commitment to sustainability management, honours the bank's investment products (green bonds) and recognises its responsible business practices towards people and the environment. With its B- rating, Berlin Hyp boasts the highest mark awarded to date in the Financials/Mortgage & Public Sector peer group. This rating means both prime status and inclusion in the category "good".

#### Earnings Situation

Net interest and commission income increased by €13.1 million to €241.0 million.

Compared to the previous year, net interest income improved by €12.6 million to €211.9 million. This rise was primarily due to an increase in the average mortgage portfolio and a fall in refinancing expenses. Prepayment penalties collected as part of early loan repayments were compensated by corresponding countermeasures to ease the burden in the future. The continuing low interest-rate level in conjunction with a flat yield curve remains challenging as before.

Compared to the previous year, net commission income increased by €0.5 million to €29.1 million. It continues to benefit from positive new business.

Operating expenditure breaks down into staff expenditure, other operating expenditure and write-offs on fixed assets and intangible assets. Due to the one-off effect caused by the extension of the evaluation period in the calculation of pension obligations to ten years undertaken in the previous year, this figure stands at €97.3 million and is above the previous year's figure – adjusted for the European banking levy – of €94.8 million. Excluding this effect, operating expenditure was significantly reduced.

The planned rise in staff expenditure by €3.9 million to €49.8 million was related to the revaluation of pension obligations. The associated lower deferred amount declined by a significant margin compared to the previous year. Adjusted for this effect, staff expenditure fell.

At €43.9 million, other operating expenditure was below the previous year's level of €46.0 million, even after the reclassification of the European banking levy. Besides the contribution to the European banking levy, this expenditure also includes legal and consulting fees, IT expenditure and intra-Group charges for the administrative holding costs related to the managing institution from a regulatory perspective.

The other operating result improved by €15.6 million to €2.9 million. In the previous year, the one-off allocation of the as yet unretained BilMoG difference to the pension reserves was responsible for the large negative balance.

The operating result before risk provisioning increased substantially by €26.2 million to €140.8 million.

The Bank's risk provisioning as at the balance sheet date stood at €39.7 million, which is down slightly compared with the previous year (€40.2 million). This figure includes the further allocation of reserves pursuant to Section 340f German Commercial Code (HGB).

Risk provisioning in the lending business benefited from solid underlying economic conditions and the Bank's active risk management strategy. Through the creation of additional provision reserves, risk provisioning for the lending business increased by a further € 63.5 million (previous year: € 36.9 million). The Bank has formed provision reserves in what it considers at the current time to be a sufficient volume for legal risks concerning loan administration fees resulting from the Federal Court of Justice ruling dated 4 July 2017.

Risk provisioning for securities in the liquidity reserve posted income of € 23.8 million following expenditure of € 3.3 million in the previous year. This income mostly resulted from disposals.

The Bank adequately took all recognisable and potential risks into consideration with the formation of value adjustments.

Net income from investments was largely defined by disposals and write-ups on investment securities and stood at € 3.2 million (previous year: € 2.7 million).

The operating result after risk provisioning increased from € 74.4 million to € 101.1 million.

The Bank added a further € 30.0 million (previous year: € 30.0 million) to its fund for general banking risks pursuant to Section 340g German Commercial Code (HGB) to ensure that it is sufficiently prepared for the ever-increasing equity capital demands that will be placed on banks in the future. The fund now amounts to € 183.0 million.

Operating results before profit transfer stood at € 73.8 million (previous year: € 47.0 million), exceeding the forecast figure.

The cost-income ratio after the banking levy, which expresses the relationship between operating expenditure and net interest and commission income including other operating income, was 40.9 % as at 30 September 2017 (previous year: 40.1 %).

Return on equity increased from 9.9 % to 12.6 % thanks to the positive development of the earnings situation.

#### **Capitalisation**

Berlin Hyp's reported equity as at 30 September 2017 came to € 935.9 million, which includes profit carried forward of € 2.2 million. In addition, € 153.0 million is available in the form of a reserve from the previous years' annual accounts prepared pursuant to Section 340g German Commercial Code (HGB), and € 232.4 million of subordinated capital that is capable of being taken into consideration under regulatory law.

In relation to the risk items pursuant to the Solvency Regulation (SolvV), the core capital ratio as at 30 September 2017 was 12.6 % and the total capital ratio was 15.9 % (previous year: 12.6 % and 16.2 % respectively). Despite higher risk positions, the unchanged core capital ratio figure is due to the adequate increase in the reserve pursuant to Section 340g German Commercial Code (HGB), while the reduction of the overall capital ratio resulted from the lower capital charge of the subordinated capital in the last five years of the remaining term pursuant to the Capital Requirements Regulation (CRR).

The existing subordinated capital, with a nominal value of € 443.2 million (previous year: € 443.2 million), fundamentally complies with the requirements of the Capital Requirements Regulation (CRR).

Ever-stricter regulatory requirements are planned in the coming years, such as CRR II and Basel IV, which will also have a strong negative impact on Berlin Hyp. The Bank plans to mitigate these increased capital requirements by forming corresponding reserves.

#### **Balance Sheet Total**

The balance sheet total rose by € 0.2 billion to € 26.6 billion compared to the end of 2016. The mortgage portfolio increased to € 19.0 billion on the back of a highly favourable development in the new lending business (31 December 2016: € 18.1 billion). The decrease in fixed-interest debentures from € 5.8 billion to € 4.6 billion was in line with the Bank's strategy and resulted from maturities and sales. On the liabilities side, liabilities to banking institutions increased

by € 0.8 billion to € 5.6 billion and liabilities to customers by € 0.7 billion to € 6.1 billion since the start of the year. By contrast, securitised liabilities decreased from € 13.6 billion to € 12.4 billion.

### Refinancing

In the eurozone, the third quarter of 2017 was also marked by a low general interest rate level, which continued to benefit from the ECB's loose monetary policy, especially the continuation of the asset purchase programmes (APP).

The risk premiums on covered bonds from eurozone countries drew an end to their long-term converging trend, for the time being at least. More significant differences between individual jurisdictions and issuers appeared again at the end of the third quarter of 2017. German Pfandbriefe underlined their status as a premium product and offered the lowest spreads on both the primary and secondary markets. Many investors on the uncovered bank bond market seem to still be ignoring the potential loss participation of non-preferred bonds in the event of a bail-in. Even though the name differentiation was much more pronounced than it was for covered bonds, the entire asset class remained in demand owing to the APP's lack of consideration for senior unsecured bonds and the consequent long period of relatively attractive risk premiums. The high level of demand also applied to issuers from countries where senior non-preferred products had already been introduced. As a result, since their introduction in France at the end of the past year, it has been possible to place each new bond in this asset class on the market with a lower issue spread than all previous ones.

Berlin Hyp had market access at all times. It continued to benefit from the reputation it has built up over many years as a reliable and sound issuer and from its involvement in the Savings Banks Finance Group. In the first half of 2017,

the Bank issued two mortgage Pfandbriefe in benchmark format. One of these two bonds was issued as a green Pfandbrief to refinance loans for sustainable and energy-efficient buildings. A syndicated covered bond of € 250 million with a term of more than six years followed in the third quarter. It was successfully issued with a reoffer spread (mid-swap) of –14 basis points. In total, the Bank issued debt instruments of over € 1,431 million on the capital market in the first nine months of 2017. Mortgage Pfandbriefe accounted for € 1,275 million of this amount, and senior unsecured instruments for € 156 million.

The Bank's involvement on the green bond market has meanwhile begun to gain greater attention and recognition. With three outstanding bonds in benchmark format now on the market, Berlin Hyp is the largest green bond issuer in Europe among commercial banks. At this year's GlobalCapital Sustainable and Responsible Capital Market Awards, Berlin Hyp received several honours, including being named the best bank issuer of green bonds and the best issuer for green bond reporting.

In the light of the Bank's steady increase in equity in recent years and sustained high levels of profitability, Moody's raised Berlin Hyp's ratings at the end of July. Moody's lifted the issuer rating one notch from A2 to A1, and the Adjusted Baseline Credit Assessment (adjusted BCA) two notches from baa2 to a3. The rating for subordinated bond issuance also went up two notches from baa3 to baa1. Moody's assigned the unchanged top Aaa rating to Berlin Hyp's mortgage and public Pfandbriefe. Berlin Hyp's bank rating from Fitch also remains unchanged at A+, with a viability rating of bbb. All ratings have a stable outlook.

## Outlook

Performance this year has been exceptionally favourable so far. Despite the persistent phase of low interest rates and regulatory requirements that continue to tie up resources, Berlin Hyp cemented its position as one of Germany's leading providers of real estate financing in a challenging competitive environment. New lending business, which is developing extremely well, has been a key factor in the Bank's excellent business performance. This trend is likely to continue in the closing quarter of this year as well.

The general framework conditions remain challenging. The pro-EU election outcomes in France and the Netherlands have provided reassurance, though uncertainties remain, including with regard to the political tensions in Poland, the status of German-Turkish relations, the continuing unknowns concerning Brexit and the new administration in the United States.

The ongoing low-interest policy is ensuring ever-increasing investment pressure, and thus continued momentum in German residential and commercial real estate markets. Considering the underlying parameters (low consumer price development), the ECB's expansionary monetary policy is also expected to continue. Competitive pressure in the commercial real estate financing market remains high. The pressure on margins goes hand in hand with a growing risk appetite among investors. Berlin Hyp will also continue to maintain its conservative risk policy as a high priority in future. The volume of mortgage loans will be able to slowly expand in the course of the year if the trend from the first three quarters continues. Excellent new business transactions are in particular offset by high unscheduled repayments.

As a means of cultivating the development of S-Group business, the Bank continued to expand its product range in the past and adjusted the sales structures in a decentralised fashion. The pilot transaction for the new ImmoAval product came to a successful

conclusion in the third quarter. Plans for the fourth quarter include the issue of another ImmoSchuldschein.

In terms of refinancing, Berlin Hyp continues to benefit from its reputation as a sound and reliable issuer. In October, the Bank demonstrated this once again by successfully issuing a green senior unsecured bond with a volume of €500 million.

The continuation of the future-oriented process "berlinhyp21" will ensure that Berlin Hyp remains well equipped for the challenges ahead. The improvement of IT systems and implementation of the new digitalisation strategy are of particular importance in this process. Apart from connecting and automating processes, one focus will be on participating in future-oriented business models. The strategic partnership with BrickVest, a leading online platform for commercial real estate investments which is based in London and Berlin, got started in October. In addition, the Bank will test agile and more efficient working methods and integrate them into the training setup as part of the future-oriented process "berlinhyp21".

The additional potential resulting from Berlin Hyp's position on the market, combined with a sound refinancing strategy, are solid foundations for the continuation of Berlin Hyp's very successful business operations. We expect the financial year to go to plan with earnings for profit transfer that are substantially up on the previous year. The Bank will also use its positive business performance to further strengthen its equity base and make advance provision for the stricter regulatory requirements of the future.

Berlin, November 2017

The Board of Management

# Excerpt from the Balance Sheet

as at 30 September 2017

Assets in €m	30.09.2017	31.12.2016	Change	Change %
<b>Cash reserves</b>	<b>760</b>	<b>9</b>	<b>751</b>	<b>-</b>
<b>Claims against banking institutions</b>	<b>785</b>	<b>551</b>	<b>234</b>	<b>42.5</b>
Mortgage loans	0	0	0	-
Public-sector loans	129	263	-134	-51.0
Other receivables	656	288	368	-
<b>Claims against customers</b>	<b>19,851</b>	<b>19,370</b>	<b>481</b>	<b>2.5</b>
Mortgage loans	19,014	18,125	889	4.9
Public-sector loans	761	1,228	-467	-38.0
Other receivables	76	17	59	-
<b>Debentures</b>	<b>4,619</b>	<b>5,782</b>	<b>-1,163</b>	<b>-20.1</b>
<b>Intangible investment assets</b>	<b>10</b>	<b>10</b>	<b>0</b>	<b>0.0</b>
<b>Tangible assets</b>	<b>57</b>	<b>58</b>	<b>-1</b>	<b>-1.7</b>
<b>Other assets</b>	<b>271</b>	<b>337</b>	<b>-66</b>	<b>-19.6</b>
<b>Prepaid expenses</b>	<b>205</b>	<b>237</b>	<b>-32</b>	<b>-13.5</b>
<b>Total assets</b>	<b>26,558</b>	<b>26,354</b>	<b>204</b>	<b>0.8</b>

Liabilities in €m	30.09.2017	31.12.2016	Change	Change %
<b>Liabilities to banking institutions</b>	<b>5,571</b>	<b>4,814</b>	<b>757</b>	<b>15.7</b>
Registered Mortgage Pfandbriefe	246	355	-109	-30.7
Registered Public Pfandbriefe	244	280	-36	-12.9
Other liabilities	5,081	4,179	902	21.6
<b>Liabilities to customers</b>	<b>6,140</b>	<b>5,476</b>	<b>664</b>	<b>12.1</b>
Registered Mortgage Pfandbriefe	2,395	2,374	21	0.9
Registered Public Pfandbriefe	690	1,030	-340	-33.0
Other liabilities	3,055	2,072	983	47.4
<b>Securitised liabilities</b>	<b>12,399</b>	<b>13,615</b>	<b>-1,216</b>	<b>-8.9</b>
Registered Mortgage Pfandbriefe	7,877	8,040	-163	-2.0
Registered Public Pfandbriefe	713	1,640	-927	-56.5
Other liabilities	3,809	3,935	-126	-3.2
<b>Other liabilities</b>	<b>525</b>	<b>526</b>	<b>-1</b>	<b>-0.2</b>
<b>Deferred income</b>	<b>186</b>	<b>217</b>	<b>-31</b>	<b>-14.3</b>
<b>Reserves</b>	<b>165</b>	<b>163</b>	<b>2</b>	<b>1.2</b>
<b>Subordinated liabilities</b>	<b>453</b>	<b>454</b>	<b>-1</b>	<b>-0.2</b>
<b>Fund for general bank risks</b>	<b>183</b>	<b>153</b>	<b>30</b>	<b>19.6</b>
<b>Equity capital</b>	<b>936</b>	<b>936</b>	<b>0</b>	<b>0.0</b>
Of which: balance sheet profit	2	2	0	0
<b>Total liabilities</b>	<b>26,558</b>	<b>26,354</b>	<b>204</b>	<b>0.8</b>
<b>Contingent liabilities</b>				
Liabilities from guarantees and warranty contracts	161	130	31	23.8
<b>Other obligations</b>				
Irrevocable loan commitments	2,198	1,895	303	16.0

# Profit and Loss Account

from 1 January to 30 September 2017

Expenditure in €m	01.01.– 30.09. 2017	01.01.– 30.09. 2016	Change	Change %
<b>Net interest income</b>	<b>211.9</b>	<b>199.3</b>	<b>12.6</b>	<b>6.3</b>
<b>Net commission income</b>	<b>29.1</b>	<b>28.6</b>	<b>0.5</b>	<b>1.7</b>
<b>Operating expenditure</b>	<b>97.3</b>	<b>94.8</b>	<b>2.5</b>	<b>2.6</b>
Staff expenditure	49.8	45.9	3.9	8.5
Other operating expenditure <sup>1</sup>	43.9	46.0	-2.1	-4.6
Of which expenditure for bank levy	10.1	10.9	-0.8	-7.3
Amortisation on and depreciation of and valuation adjustments on intangible investment assets and tangible assets	3.6	2.9	0.7	24.1
Other operating earnings / expenditure	-2.9	-18.5	15.6	-84.3
<b>Operating result before risk provisioning</b>	<b>140.8</b>	<b>114.6</b>	<b>26.2</b>	<b>22.9</b>
Risk provisioning	39.7	40.2	-0.5	-1.2
<b>Operating result after risk provisioning</b>	<b>101.1</b>	<b>74.4</b>	<b>26.7</b>	<b>35.9</b>
Financial investment result	3.2	2.7	0.5	18.5
Contribution to the fund for general bank risks	30.0	30.0	0.0	0.0
Other taxes	0.2	0.2	0.0	0.0
<b>Profit before income tax and profit transfer</b>	<b>74.1</b>	<b>46.9</b>	<b>27.2</b>	<b>58.0</b>
Income tax	0.3	-0.1	0.4	-
Expenditure from profit transfer	73.8	47.0	26.8	57.0
<b>Net income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>

<sup>1</sup> Adjustment of the previous-year figure as a result of the reclassification of the bank levy to "Other operating expenditure" (had previously been reported separately as "Bank levy" after the "Operating result")

# Explanations of the Profit and Loss Account

Net interest income in €m	01.01.– 30.09. 2017	01.01.– 30.09. 2016	Change	Change %
<b>Interest earnings from</b>				
Mortgage loans	277.5	300.4	-22.9	-7.6
Public-sector loans	2.0	3.7	-1.7	-45.9
Other receivables	-0.5	-0.1	-0.4	-
Fixed-income securities and book-entry securities	11.1	36.0	-24.9	-69.2
	<b>290.1</b>	<b>340.0</b>	<b>-49.9</b>	<b>-14.7</b>
<b>Interest expenditure for</b>				
Deposits and registered Pfandbriefe	48.9	77.8	-28.9	-37.1
Securitised liabilities	20.4	53.7	-33.3	-62.0
Subordinated liabilities	8.9	9.2	-0.3	-3.3
	<b>78.2</b>	<b>140.7</b>	<b>-62.5</b>	<b>-44.4</b>
<b>Net interest income</b>	<b>211.9</b>	<b>199.3</b>	<b>12.6</b>	<b>6.3</b>
<b>Operating expenditure</b>				
<b>Staff expenditure</b>				
Wages and salaries	37.1	38.2	-1.1	-2.9
Social security contributions / retirement pensions	12.7	7.7	5.0	64.9
	<b>49.8</b>	<b>45.9</b>	<b>3.9</b>	<b>8.5</b>
<b>Other operating expenditure</b>				
Bank levy	10.1	10.9	-0.8	-7.3
Staff-related material costs	2.1	1.9	0.2	10.5
Building and premises costs	2.6	2.6	0.0	0.0
Operating and business equipment	0.6	0.5	0.1	20.0
IT expenditure	12.4	11.9	0.5	4.2
Advertising and marketing	1.5	1.4	0.1	7.1
Business operation costs	1.5	1.3	0.2	15.4
Consultants / audits / subscriptions	8.2	10.6	-2.4	-22.6
Group payment set-off	4.9	4.9	0.0	0.0
	<b>43.9</b>	<b>46.0</b>	<b>-2.1</b>	<b>-4.6</b>
Amortisation on and depreciation of and valuation adjustments on intangible investment assets and tangible assets	3.6	2.9	0.7	24.1
<b>Operating expenditure</b>	<b>97.3</b>	<b>94.8</b>	<b>2.5</b>	<b>2.6</b>
<b>Risk provisioning</b>				
Risk provisioning for loan business	63.5	36.9	26.6	72.1
Securities results	-23.8	3.3	-27.1	-
<b>Risk provisioning</b>	<b>39.7</b>	<b>40.2</b>	<b>-0.5</b>	<b>-1.2</b>

# Addresses

## Headquarters

Berlin Hyp AG  
Budapester Strasse 1  
10787 Berlin  
T +49 30 2599 90  
F +49 30 2599 9131  
www.berlinhyp.de

## S-Group and Domestic Business

**Berlin Branch**  
Corneliusstrasse 7  
10787 Berlin  
T +49 30 2599 5586

**Düsseldorf Branch**  
Königsallee 60c  
40212 Düsseldorf  
T +49 211 8392 350

**Frankfurt am Main Branch**  
NEXTOWER  
Thurn- und Taxis-Platz 6  
60313 Frankfurt am Main  
T +49 69 1506 211

**Hamburg Branch**  
Neuer Wall 19  
20345 Hamburg  
T +49 40 2866589 21

**München Branch**  
Isartorplatz 8  
80331 Munich  
T +49 89 291949 10

**Stuttgart Branch**  
Friedrichstrasse 6  
70174 Stuttgart  
T +49 711 2483 8821

## International Key Accounts and Syndication

**Origination International Investors**  
Corneliusstrasse 7  
10787 Berlin  
T +49 30 2599 5710

**Syndication**  
Corneliusstrasse 7  
10787 Berlin  
T +49 30 2599 5620

**Amsterdam Office**  
WTC Schiphol Airport  
Schiphol Boulevard 263  
1118 BH Schiphol  
Netherlands  
T +31 20 20659 63

**Paris Office**  
40, Rue La Pérouse  
75116 Paris  
France  
T +33 1 730425 21

**Warsaw Office**  
Plac Małachowskiego 2  
00-066 Warsaw  
Poland  
T +48 22 37651 21

## Other Functional Spheres

**Finance and Banking Operations**  
Budapester Strasse 1  
10787 Berlin  
T +49 30 2599 9260

**Treasury**  
Budapester Strasse 1  
10787 Berlin  
T +49 30 2599 9510

**Risk Management**  
Budapester Strasse 1  
10787 Berlin  
T +49 30 2599 9931

# Contacts

If you have any questions about our Financial Report, our company, or if you would like to order further publications, please contact:

Berlin Hyp AG  
Communication and Marketing  
Budapester Strasse 1  
10787 Berlin  
T +49 30 2599 9123  
F +49 30 2599 998 9123  
[www.berlinhyp.de](http://www.berlinhyp.de)

Important company information is available immediately after publication at [www.berlinhyp.de](http://www.berlinhyp.de)

## **Publications for our business partners in 2017**

- Annual Report 2016  
(German/English)
- Half-Year Financial Report to 30.06.2017  
(German/English)
- Interim Report to 30.09.2017  
(German/English)
- Sustainability Report 2016  
(German/English)

In this Half-Year Financial Report, reference to the masculine form naturally also includes the feminine form.

## **Imprint**

### **Publisher**

Berlin Hyp AG  
Communication and Marketing  
Budapester Strasse 1  
10787 Berlin

### **Layout and Typesetting**

wirDesign communications AG  
Gotzkowskystrasse 20/21  
10555 Berlin

### **Photography**

gettyimages (Title)

