

A partnership built on trust

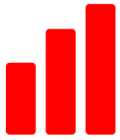
Berlin Hyp

A photograph of the Berlin Hyp building facade, featuring the company name in large, 3D letters. A red banner is overlaid on the right side of the image.

**Global Investor Call – Annual Report
2021**

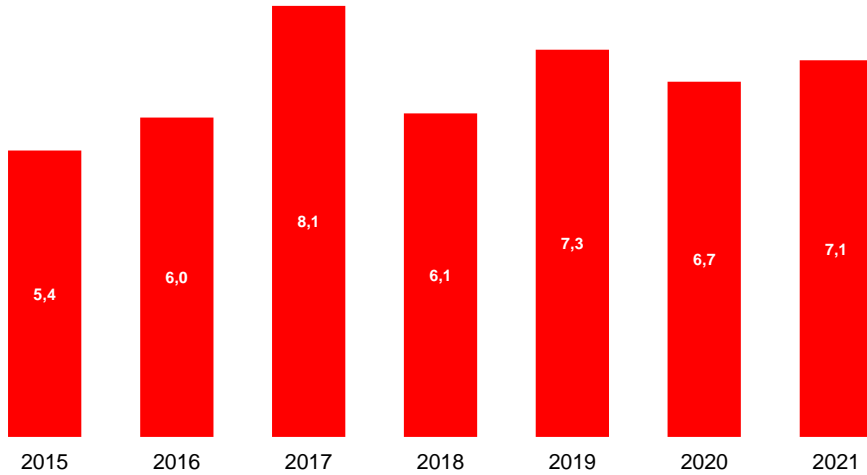
Sascha Klaus, Chairman of the Board of Management

30th March 2022

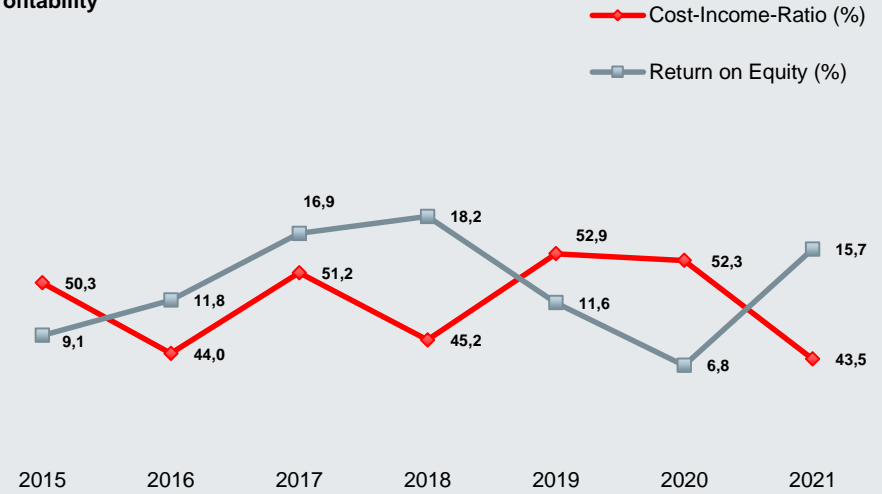


Key Figures & Business Development

New lending
in € bn, incl. extension

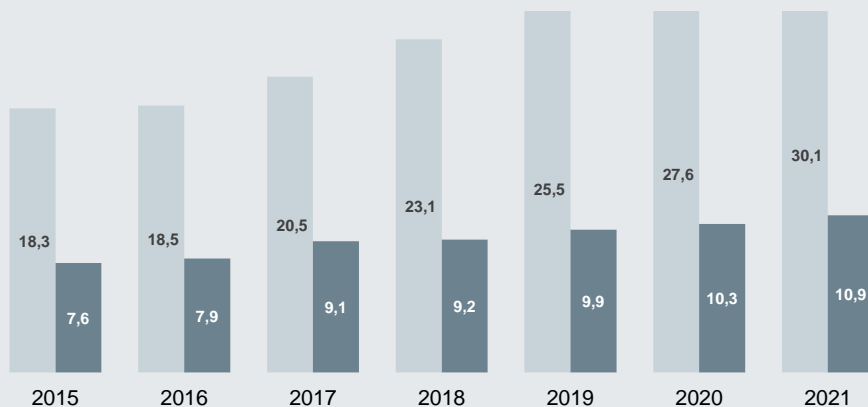


Profitability



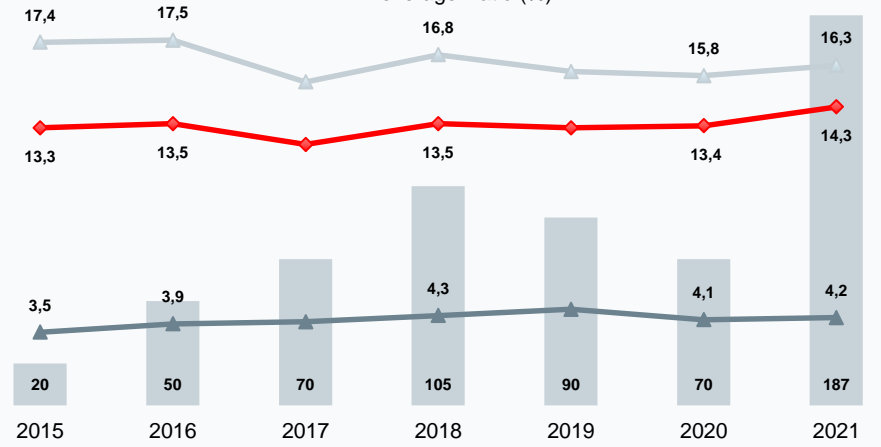
Loan Portfolio Development, RWA
in € bn

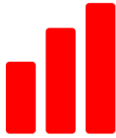
■ Loan Portfolio
(incl. irrevocable loan commitments)
■ RWA



Equity

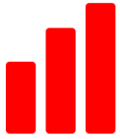
■ Allocation to the fund for general banking risks (€ mn)
▲ Total Capital Ratio (%)
◆ CET 1 -Ratio (%)
▲ Leverage Ratio (%)



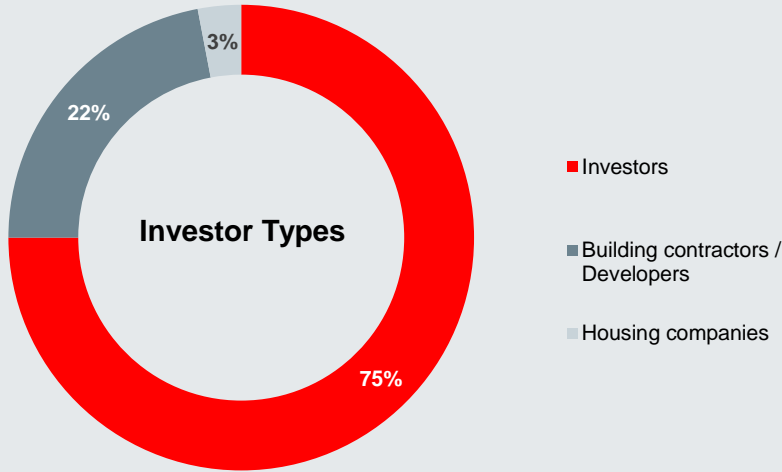


Statement of Profit and Loss

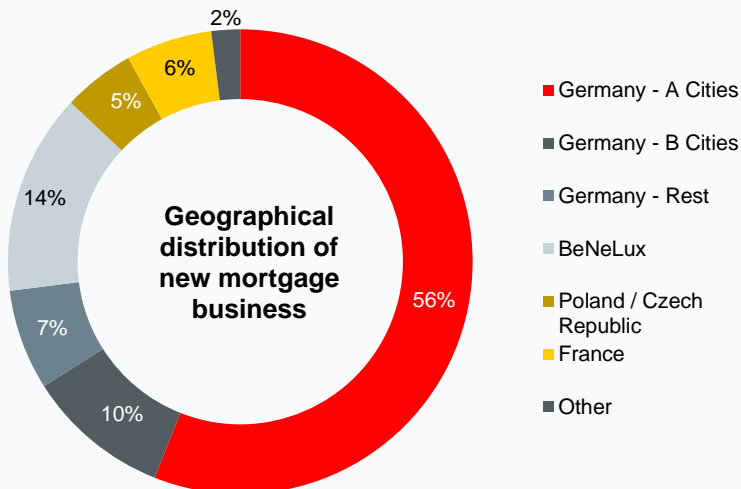
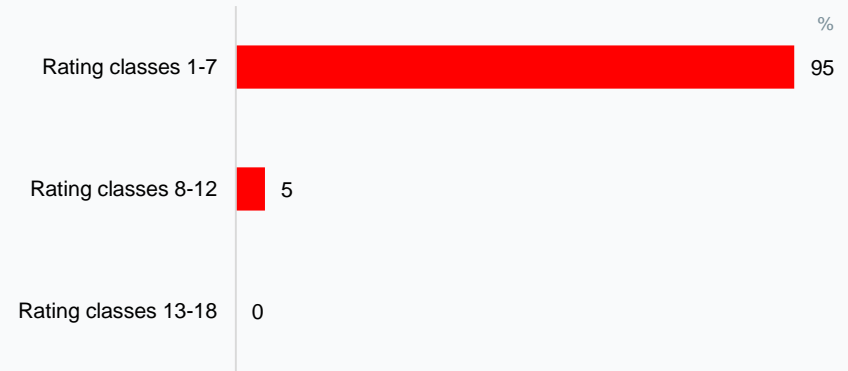
EUR mn	2021	2020	Δ Difference
Interest / Commission income	431,4	333,1	98,3 ↑
Interest income	406,5	313,1	93,4
Commission income	24,9	20,0	4,9
General operating expenditure	184,3	173,2	11,1 ↑
Staff expenditure	91,0	82,0	9,0
Other operating expenditure	84,4	70,1	14,3
of which expenditure for bank levy	16,4	13,4	3,0
Depreciation of tangible assets	8,9	21,1	-12,2
Other operating earnings / expenditure	-7,8	-1,7	-6,1
Operating income before risk provisioning	239,3	158,2	81,1 ↑
Risk provisioning	-4,9	-61,6	56,7
Provisioning loans	-17,4	-81,4	64,0
Provisioning bonds	12,5	19,8	-7,3
Operating income after risk provisioning	234,4	96,6	137,8 ↑
Income of financial assets	3,2	-2,8	6,0
Allocation to the fund for general banking risks	187,0	70,0	117,0 !
Extraordinary expenditures	0,0	0,0	0,0
Other taxes	0,2	0,2	0,0
Profit before income tax and profit transfer	50,4	23,6	26,8 ↑
Income tax	0,4	0,2	0,2
Expenditure from profit transfer	50,0	23,4	26,6
Net income of the year	0,0	0,0	0,0



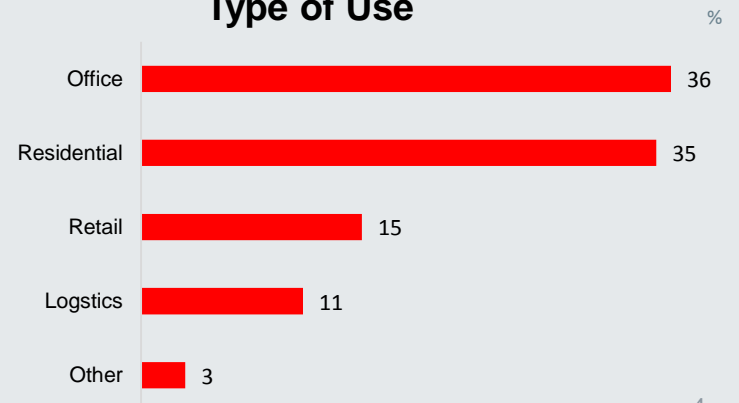
New Business 2021

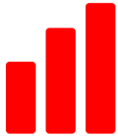


Rating classes



Type of Use

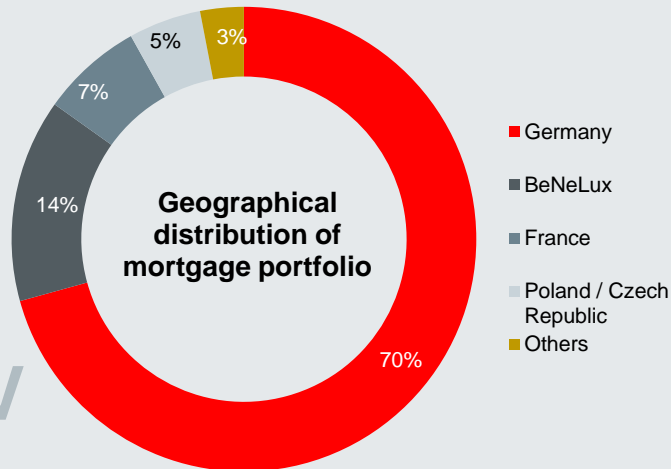
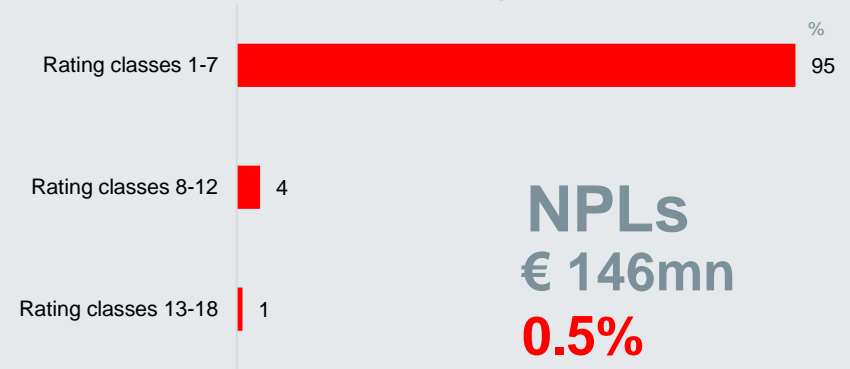




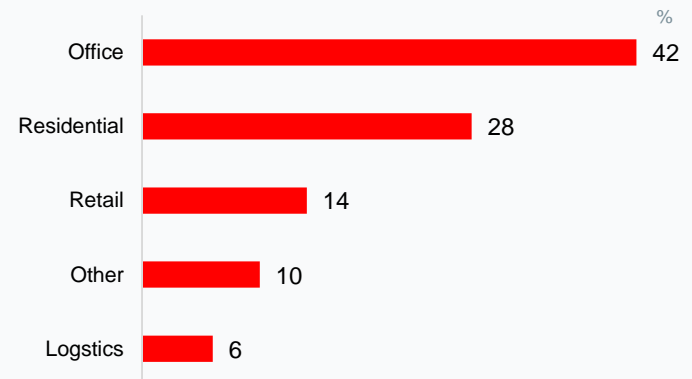
Total Loan Portfolio

- High quality loan portfolio
- Real estate market has proven to be stable in the corona crisis
- No exposure to Russia or Ukraine
- Ongoing close monitoring and stress testing of loan portfolio

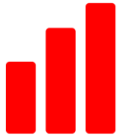
Rating Classes



Type of Use

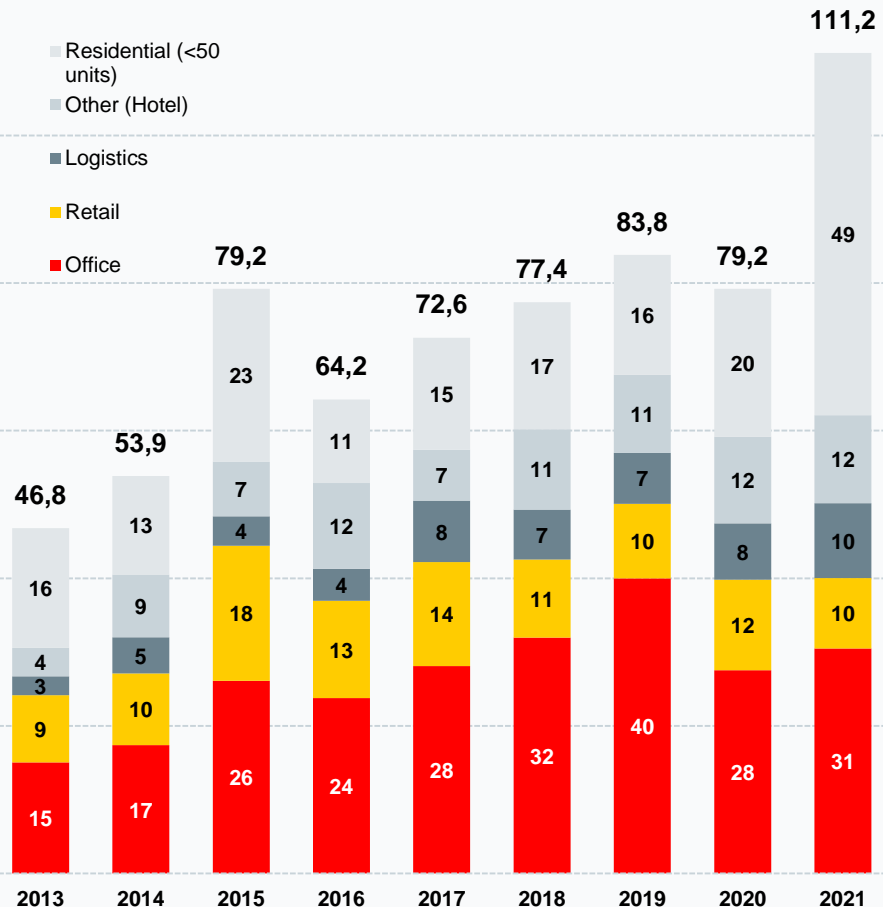


Ø LTV
53.0%



Commercial Real Estate Market Overview: Germany (I)

Transaction Volume in Germany (in EUR bn)

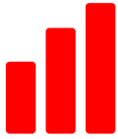


Full Year 2021

- The commercial and residential real estate market recorded significant growth compared to the previous year, with a total transaction volume of € 111bn.
- Office properties remain the focus of investor attention, with a transaction volume of around € 30.5bn.
- Demand for retail properties has decreased and concentrates mainly on food-anchored properties such as supermarkets and discounters.
- Demand for logistic properties has been particularly strong, increasing by 34% compared to the previous year.
- Strong increase in demand for residential properties is mainly based on the merger of Vonovia and Deutsche Wohnen, accounting for € 22bn of the transaction volume in this sector.

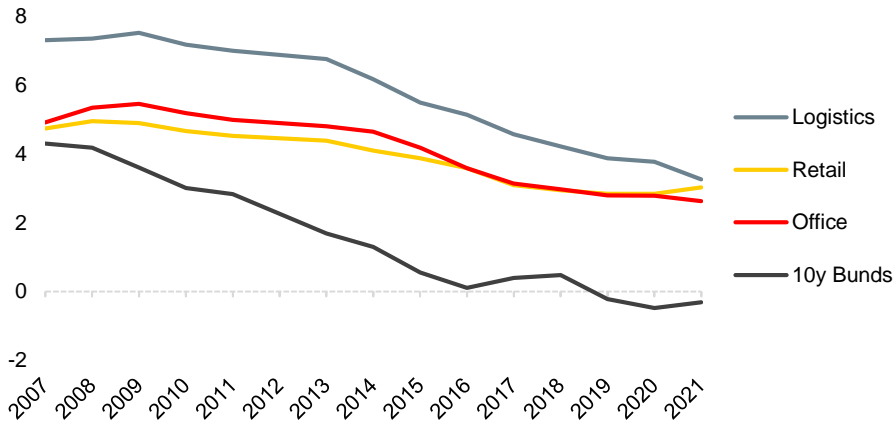
Forecast 2022

- The escalation of the Ukraine conflict, together with increasing energy prices and disruption of supply chains could delay the pandemic-related economic recovery.
- Nonetheless, Berlin Hyp expects to see a dynamic real estate investment market due to favorable financing conditions, however, only under the premise that a solution to the Ukraine war is found. A persistent high uncertainty could be reflected in a temporal reluctance in investment decisions.
- With respect to the type of use, we expect to see an unabated strong investor demand for residential properties. Along that, office properties, food-anchored retail properties and logistic properties for e-commerce usage will benefit from a high investor demand.



Commercial Real Estate Market Overview: Germany (II)

Ø Prime Yields in German A-Cities (Initial Net Yields, weighted average acc. to inhabitants, in %)

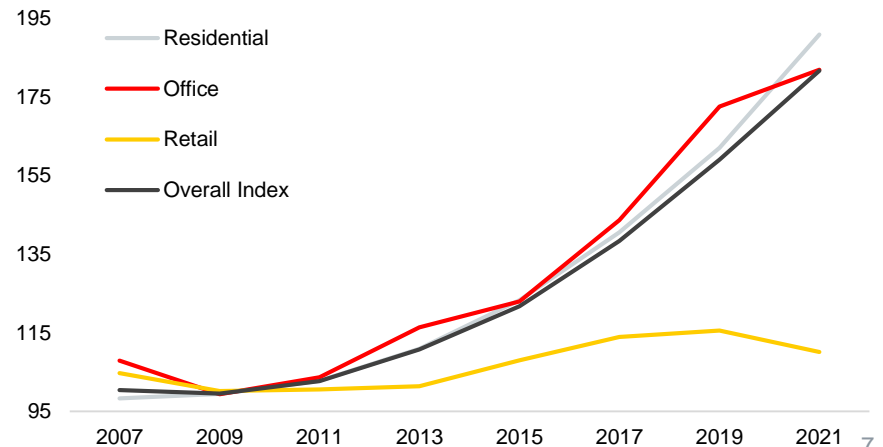


Source: Berlin Hyp Research, RIWIS/bulwiengesa, Macrobond

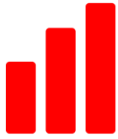
- Prime yields for logistics and office real estate declined in comparison to the previous years.
- Retail as the only segment with rising initial yields.
- Increase of 10-year Bunds.

- Overall price index continued to rise.
- Main driver for increase in 2021 were residential buildings, price index for office buildings increased only slightly.
- Corona pandemic amplifies structural change in the retail sector and thus prices continued to decrease.

vdp-Property-Price-Index (2010=100)














Source: Berlin Hyp Research, vdp



Quo Vadis Commercial Real Estate?

Mid-Term Expectations According to Asset Classes

	Residential		Due to a sustained low interest environment and fueled by excess savings during the pandemic market values tend to increase.
	Office		Some uncertainty regarding future demand – remote working vs. office attendance. Overall investor sentiment remains positive.
	Retail – Non Food		Ongoing structural changes and capital weaker anchor tenants from the fashion/electronics industry facing ever growing online trade.
	Retail – Food		Normalization of sales in 2021 after strong growth in 2020, ongoing rental growth and decreasing yields – tending to reach lowest levels ever.
	Logistics		Growing e-commerce along with good tenants quality and lease terms leading to further increasing market values.
	Hotel		Due to establishment of digital event formats trend to reducing business trips – leading to weaker occupancy in the business hotel industry.



Berlin Hyp's Ratings

MOODY'S

FitchRatings

S&P Global

	Rating	Outlook/ Watch	Rating	Outlook/ Watch	Rating	Outlook/ Watch
Mortgage Pfandbrief	Aaa	Stable	–	–	–	–
Senior Preferred	Aa2	under Review	AA-	Negative	–	–
Senior Non-Preferred	A2	–	A+	Negative	–	–
Short Term	P-1	–	F1+	Negative	A-1	Negative
Adj. BCA / Viability	a3	under Review	bbb+	Stable	–	–

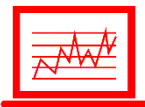
Last rating actions

Due to the planned acquisition by LBBW, the following rating actions were taken in January and February 2022:

Moody's changes the outlook of the Aa2 Long-Term Deposit and Issuer Ratings and the Senior unsecured Rating to "under Review". The a3 Adjusted BCA rating is also affected. Furthermore, the ba1 BCA rating was affirmed.

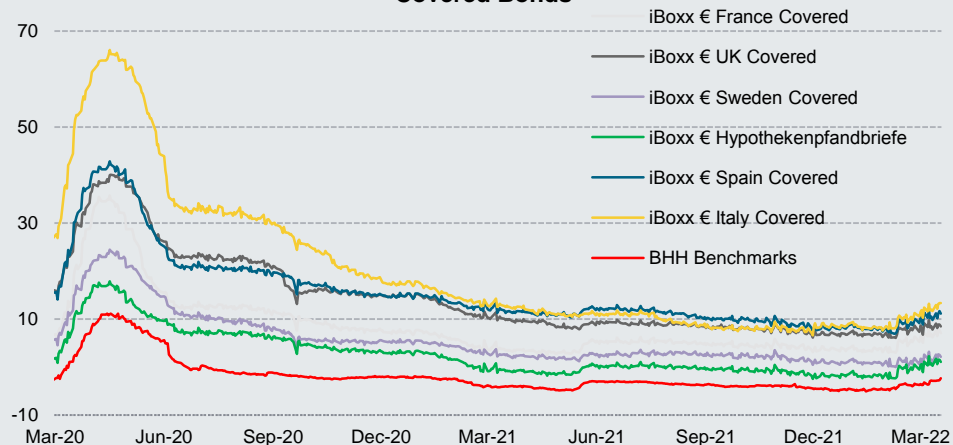
FitchRatings places Berlin Hyp's Long-Term Issuer Default Rating (IDR) and Short-Term IDR on Rating Watch negative. After completion of the transaction, Fitch expects a downgrade of the Long-Term IDR from A+ to A- and of the Short-Term IDR from F1+ to F1. Furthermore, the rating for Senior Preferred Bonds is expected to be downgraded from AA- to A. The bbb+ viability rating is not affected by this rating action.

S&P Global Ratings placed Berlin Hyp's Short-Term Rating on CreditWatch negative.



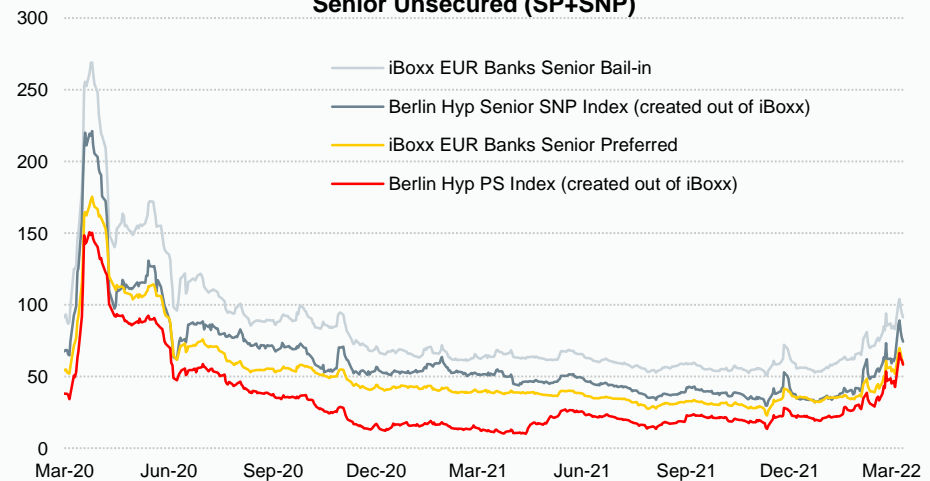
Funding & Spread Development

Covered Bonds



Spreads Berlin Hyp vs. Covered Bonds (bp/mid swaps); Source: LBBW Credit Research, iBoxx, 18 March 2022

Senior Unsecured (SP+SNP)



I-Spreads Berlin Hyp vs. Comparables (bp); Source: Commerzbank, 14 March 2022

Funding	2021	2022 (ytd)
Mortgage Pfandbriefe	€ 3.9bn	€ 0.6bn
Senior Unsecured	€ 1.4bn	€ 0,8bn

2021 Highlights

- First Sustainability-Linked Bond ever issued by a Bank
- Issuance of a 12yr Pfandbrief, which was the longest syndicated Pfandbrief issued by Berlin Hyp

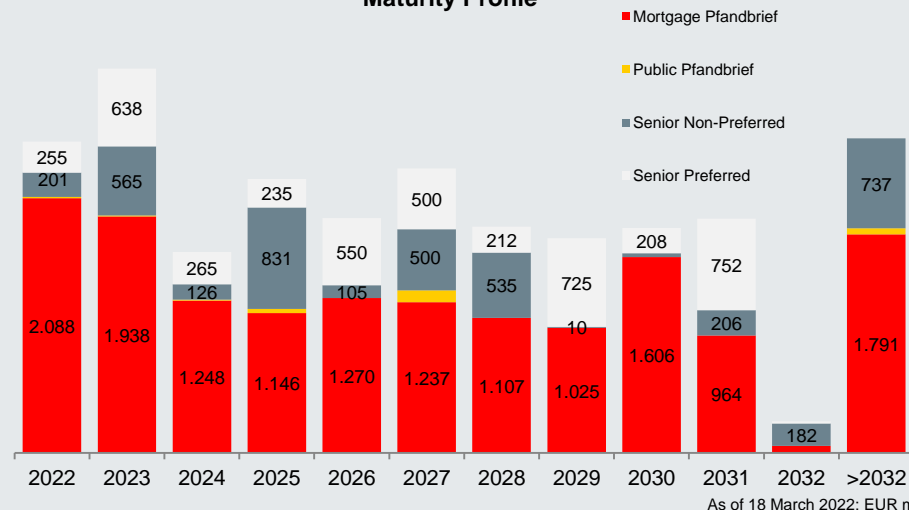


June 2021:
Most Impressive
Financial Institution
Green/SRI Bond Issuer



September 2021:
Best ESG Issuer

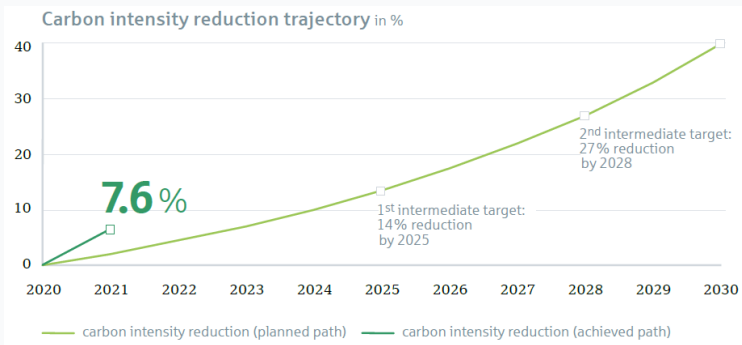
Maturity Profile



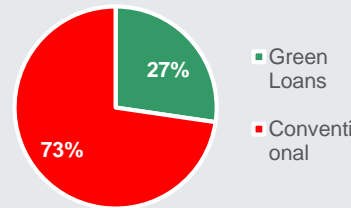


ESG Target Vision – Business related Overview

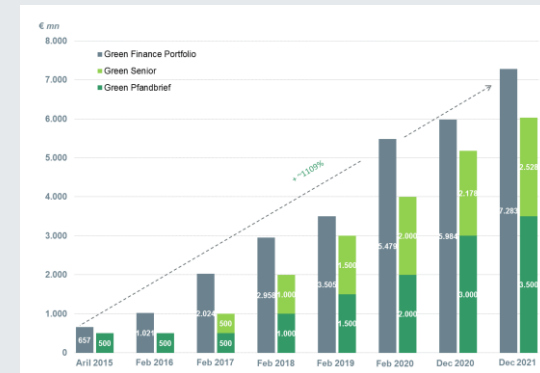
1. Commitment to the Paris Climate Agreement and the German Climate Protection Plan



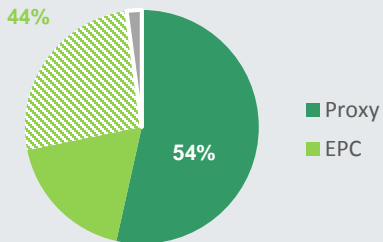
2. 1/3 of Loan Portfolio Energy Efficient by 2025



→ € 7.3bn Green Loans

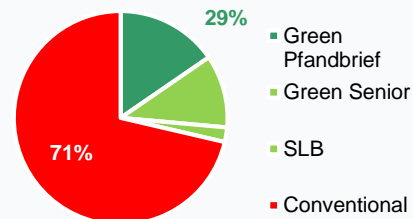


3. Establishment of 100 Percent EPC Portfolio Transparency by 2023



→ The transparency ratio of the loan portfolio has increased from 26.1% to 44.4% in 2021 in terms of the financed area. Energy data for 98% of financed area available.

4. 40 Percent of Funding Mix of ESG Instruments by 2025









→ € 6.0bn Green Bonds finance Green Buildings that save 15.2 tCO₂/€ mn/year





Outlook 2022

 Key Figures	vs. previous year
New business	
Interest income	
Risk provisioning	
Allocation to the fund for general banking risks	
Return on equity	



Funding

2022	To Do	Thereof Benchmark
Mortgage Pfandbriefe	€ 3,0bn	€ 2,5bn
Senior Preferred	€ 0,6bn	tbd



CRE Market

- Real estate has proven to be an anchor of stability in times of crisis
- The search for high returns will keep investor demand for office properties in A locations, supermarkets and logistic properties for the e-commerce use at a high level
- ESG-conformity will move closer into focus
- Stronger focus on care related CRE



Sustainability

- ESG Target Vision sets the scene for an even closer link between ESG and Berlin Hyp's core business
- Launch of Green Loans that include supplementary agreements and duties to clients to receive incentivised loans
- Publication of EU Taxonomy-aligned Green Bond Framework and first SLB-Reporting



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- Ratings
- **Green Bonds**
 - Framework
 - Reportings
- Financial Reportings
- Base Prospectus / Final Terms
- §28 Pfandbrief Act / HTT
- Euro Commercial Paper Programme
- Awards



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