

This document constitutes a supplement pursuant paragraph 16 German Securities Prospectus Act (Wertpapierprospektgesetz) (the "**Supplement**") to two base prospectuses of Berlin Hyp AG: (i) the base prospectus in respect of non-equity securities within the meaning of Art. 22 sub-paragraph 6(4) of the Commission Regulation (EC) No. 809/2004 of 29 April 2004, as amended (the "**Commission Regulation**") and (ii) the base prospectus in respect of Pfandbriefe (non-equity securities within the meaning of Art. 22 sub-paragraph 6(3) of the Commission Regulation) (together the "**Base Prospectus**" or the "**Prospectus**")

Supplement to the Base Prospectus
Dated 17 November 2016

This Supplement is supplemental to, and must be read in conjunction with the Base Prospectus dated 30 March 2016 and the Supplement dated 16 August 2016.

Berlin Hyp

Berlin Hyp AG
Berlin, Federal Republic of Germany

€ 25,000,000,000
Offering Programme
(the "Programme")

Berlin Hyp AG ("**Berlin Hyp**", "**Berlin Hyp AG**", the "**Bank**" or the "**Issuer**") has requested the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (the "**BaFin**") in its capacity as the competent authority under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) (the "**WpPG**") to (i) approve this Supplement and (ii) provide the competent authorities in the Grand Duchy of Luxembourg, the United Kingdom of Great Britain and Northern Ireland, the Republic of Ireland, the Italian Republic and the Republic of Austria with a certificate of such approval attesting that the Supplement has been drawn up in accordance with the WpPG implementing the EU Prospectus Directive into German law (the "**Notification**"). Approval by the BaFin means the positive decision on the Issuer's request regarding the examination of the Supplement's completeness, including the coherence and comprehensibility of the provided information. The Issuer may request the BaFin to provide competent authorities in additional host Member States within the European Economic Area with a Notification.

This Supplement will be published in the same way as the Base Prospectus in electronic form on the website of the Issuer (www.berlinhyp.de/fuer-kapitalmarktinvestoren/basisprospekt). It is valid as long as the Base Prospectus is valid.

RESPONSIBILITY STATEMENT PURSUANT TO § 5(4) SECURITIES PROSPECTUS ACT (WERTPAPIERPROSPEKTGESETZ – WpPG)

Berlin Hyp AG, with its registered office in Berlin, is solely responsible for the information given in this Supplement. The Issuer hereby declares that, to the best of its knowledge, the information contained in this Supplement is in accordance with the facts and no material circumstances have been omitted.

IMPORTANT NOTICE

Terms defined or otherwise attributed meanings in the Base Prospectus have the same meaning when used in this Supplement. All references to Berlin-Hannoversche Hypothekenbank Aktiengesellschaft in the Prospectus (as supplemented) shall be read and construed as reference to Berlin Hyp AG.

This Supplement shall only be distributed in connection with the Base Prospectus.

The Issuer will confirm to the Dealers that the Base Prospectus (as supplemented) contains all information which is material in the context of the Programme and the issue and offering of Notes thereunder, that the information contained therein is accurate in all material respects and is not misleading; that any opinions and intentions expressed therein are honestly held and based on reasonable assumptions; that there are no other facts, the omission of which would make any statement, whether fact or opinion, in the Base Prospectus (as supplemented) misleading in any material respect; and that all reasonable enquiries have been made to ascertain all facts and to verify the accuracy of all statements contained therein.

No person has been authorised to give any information which is not contained in or not consistent with the Base Prospectus or this Supplement or any other information supplied in connection with the Programme and, if given or made, such information must not be relied upon as having been authorised by the Issuer.

This Supplement and the Base Prospectus should be read in conjunction only and together constitute two prospectuses for the purpose of the Prospectus Directive, and for a particular issue of or tranche of Notes should be read in conjunction with any applicable Final Terms.

Save as disclosed herein and in the Base Prospectus, there has been no other significant new factor, material mistake or material inaccuracy relating to the information included in the Base Prospectus since its publication.

Investors who have already agreed to purchase or subscribe for securities before the supplement is published shall have the right, exercisable within two working days after the publication of the supplement, to withdraw their acceptances in the event that a new factor or an inaccuracy arose before the final closing of the offer of such securities to the public and the delivery of the securities, pursuant to section 16 paragraph 3 of the German Securities Prospectus Act.

The revocation does not have to provide any grounds and must be declared in text form to the appointed recipient of such notices: Berlin Hyp AG, Legal Department UE2, Budapester Str. 1, D-10787 Berlin, Germany. The dispatch of the revocation within the time limit is sufficient.

Such new factors pursuant to Section 16 paragraph 1 of the German Securities Prospectus Act have occurred on

- 1. 1 October 2016 with changes regarding the Board of Managing Directors and**
- 2. 21 June 2016 with a change regarding the Supervisory Board and**
- 3. 7 November 2016 with the publication of the unaudited Interim Report 2016 for the period ending 30 September 2016.**

I. Changes regarding the Board of Managing Directors

The wording of section 6.8.1 "Board of managing Directors" on pages 64 and 65 of the Prospectus shall be replaced by the following:

"Pursuant to the articles of association of Berlin Hyp, the board of managing directors consists of at least three members. The board of managing directors currently consists of the following persons:

Sascha Klaus (Chairman)
Gero Bergmann
Roman Berninger

The Managing Director Dr. Michael Schieble is also part of our management.

Principal activities inside of Berlin Hyp as of 7 November 2016:

Sascha Klaus (Back Office Real Estate Financing and Capital Market, Human Resources, Internal Audit, Risk Management, Corporate Development, Valuation, Corporate Communication and Marketing)

Gero Bergmann (Treasury, S-Group and Domestic Business, Sales Management, International Key Accounts and Syndication)

Roman Berninger (Banking Operations, Finance, Organisation/IT, Risk Controlling)

Principal activities outside of Berlin Hyp as of 7 November 2016:

Sascha Klaus:

- Member of the Board of Management of Landesbank Berlin Holding AG

Gero Bergmann:

- No mandates requiring disclosure.

Roman Berninger:

- Member of the Board of Management of Landesbank Berlin Holding AG.

Berlin Hyp is represented by at least two members of the board of managing directors."

II. Change regarding the Supervisory Board

Within section "6.8.2 Supervisory Board" on pages 65 of the Prospectus within the line "Renè Wulff Bank employee (employee's representative)" the words in parenthesis "(Deputy Chairman)" shall be deleted and added to the line "Jana Pabst Bank employee (employee's representative)".

III. Unaudited Interim Report 2016 as of 30 September 2016

On 7 November 2016, the Issuer published its unaudited interim report as of 30 September 2016. Accordingly, the Prospectus (including the documents incorporated by reference) shall be amended as follows:

1. Summary

1.1. The table under "Summary form of Balance sheet" within "Selected historical key financial information" on page 3 of the Prospectus in Element B 12 of the Summary shall be replaced by the following table:

“

| Assets in Mio. € | 31.12.2014 | 30.09.2015 ** | 31.12.2015 | 30.09.2016 ** | Liabilities in Mio. € | 31.12.2014 | 30.09.2015 ** | 31.12.2015 | 30.09.2016 ** |
|--|------------|------------------|------------|------------------|-------------------------------------|------------|------------------|------------|------------------|
| Claims against banking institutions | 891 | 653 | 673 | 1.034 | Liabilities to banking institutions | 8,286 | 7,755 | 6,297 | 5,463 |
| Claims against customers | 20,645 | 20,873 | 20,610 | 20,060 | Liabilities to customers | 7,046 | 6,184 | 6,349 | 5,636 |
| Debentures and other fixed-interest securities | 8,325 | 7,089 | 6,485 | 5,865 | Securitized liabilities | 12,644 | 12,842 | 13,383 | 14,164 |
| Residual assets* | 567 | 527 | 776 | 804*** | Subordinated liabilities | 466 | 446 | 443 | 443 |
| | | | | | Fund for general Bank risks | 83 | 83 | 103 | 133 |
| | | | | | Provisioning Reserves | 138 | 161 | 145 | 160 |
| | | | | | Remaining Liabilities* | 829 | 735 | 888 | 828**** |
| | | | | | Equity | 936 | 936 | 936 | 936 |
| Total assets | 30,428 | 29,561 | 28,544 | 27,763 | Total liabilities | 30,428 | 29,142 | 28,544 | 27,763 |

* unaudited information, derived from historical financial information

** Information in this column is taken from the unaudited Interim Report

*** The measure "Residual Assets" is used in our financial reports to combine the figures from the balance sheet that do not influence the financial performance of Berlin Hyp AG. This figure is composed of the following balance sheet figures which derive from our SAP-FI accounting system:

| | |
|--|------------|
| Cash reserves | 15 Mio. € |
| Intangible investment assets | 9 Mio. € |
| Tangible assets | 58 Mio. € |
| Other assets | 462 Mio. € |
| of which: collaterals | 432 Mio. € |
| Prepaid income | 260 Mio. € |
| of which: from issue and loan business | 259 Mio. € |
| Sum | 804 Mio. € |

**** The measure "Remaining Liabilities" is used in the financial reports to combine the figures from the balance sheet that do not influence the financial performance of Berlin Hyp AG. This figure is composed of the following balance sheet figures which derive from our SAP-FI accounting system:

| | |
|--|------------|
| Other Liabilities | 599 Mio. € |
| of which: collaterals | 523 Mio. € |
| Prepaid Income | 229 Mio. € |
| of which: from issue and loan business | 229 Mio. € |
| Sum | 828 Mio. € |

“

1.2 Within the "Summary form of income statement" after the existing table "Summary form of income statement" the following table shall be added on page 4:

"Interim summary form of income statement

| in Mio. € | 01.01.2016 – 30.09.2016* | 01.01.2015 – 30.09.2015* | Change in %* |
|--|--------------------------|--------------------------|--------------|
| Net interest income | 199,3 | 184,6 | 8,0 |
| Net commission income | 28,6 | 21,6 | 32,4 |
| Staff expenditure | 45,9 | 56,4 | -18,6 |
| Other operating expenditure | 35,1 | 31,4 | 11,8 |
| Depreciations of tangible assets | 2,9 | 3,0 | -3,3 |
| Other operating revenue/expenses | -18,5 | 10,4 | - |
| Risk provisioning | 40,2 | 48,1 | -16,4 |
| Operating result after risk provisioning | 85,3 | 77,7 | 9,8 |
| Expenditure from profit transfer | 47,0 | 61,3 | -23,3 |
| Net income | 0,0 | 0,0 | - |

* Information in this column is taken from the unaudited Interim Report

1.3. The section on "Significant changes in the financial or trading position" on page 4 of the Prospectus in Element B.12 of the summary shall be replaced by the following:

"Not applicable: There has been no significant change in the financial position of Berlin Hyp AG since 30 September 2016."

1.4. In the German language version of the Summary (Zusammenfassung des Prospekts) on page 23 the table within B.12 "Kurzdarstellung Bilanz" is to be replaced by the following:

| Aktiva in Mio. € | 31.12.2014 | 30.09.2015 ** | 31.12.2015 | 30.09.2016 ** | Passiva in Mio. € | 31.12.2014 | 30.09.2015 ** | 31.12.2015 | 30.09.2016 ** |
|---|------------|------------------|------------|------------------|--|------------|------------------|------------|------------------|
| Forderungen an Kreditinstitute | 891 | 653 | 673 | 1.034 | Verbindlichkeiten gegenüber Kreditinstituten | 8.286 | 7.755 | 6.297 | 5.463 |
| Forderungen an Kunden | 20.645 | 20.873 | 20.610 | 20.060 | Verbindlichkeiten gegenüber Kunden | 7.046 | 6.184 | 6.349 | 5.636 |
| Schuldverschreibungen und andere festverzinsliche Wertpapiere | 8.325 | 7.089 | 6.485 | 5.865 | Verbriefte Verbindlichkeiten | 12.644 | 12.842 | 13.383 | 14.164 |
| Übrige Aktiva* | 567 | 527 | 776 | 804*** | Nachrangige Verbindlichkeiten | 466 | 446 | 443 | 443 |
| | | | | | Fonds für allgemeine Bankrisiken | 83 | 83 | 103 | 133 |
| | | | | | Rückstellungen | 138 | 161 | 145 | 160 |
| | | | | | Übrige Passiva* | 829 | 735 | 888 | 828**** |
| | | | | | Eigenkapital | 936 | 936 | 936 | 936 |
| Summe der Aktiva | 30.428 | 29.142 | 28.544 | 27.763 | Summe der Passiva | 30.428 | 29.142 | 28.544 | 27.763 |

* ungeprüfte, aus historischen Finanzinformationen abgeleitete Informationen

** Informationen in dieser Spalte stammen aus der ungeprüften Zwischenmitteilung

*** Die Kennzahl „Übrige Aktiva“ wird genutzt, um in den Geschäftsberichten und Zwischenmitteilungen die Posten aus der Bilanz zusammenzufassen, die auf die finanzielle Leistungsfähigkeit der Berlin Hyp AG keinen Einfluss haben. Diese Zahl setzt aus den folgenden Bilanzkennziffern, die aus unserem SAP-FI Buchungssystem stammen, zusammen:

| | |
|--|------------|
| Barreserve | 15 Mio. € |
| Immaterielle Anlagewerte | 9 Mio. € |
| Sachanlagen | 58 Mio. € |
| Sonstige Vermögensgegenstände | 462 Mio. € |
| davon Collaterals | 432 Mio. € |
| Rechnungsabgrenzungsposten | 260 Mio. € |
| davon aus dem Emissions- und Darlehensgeschäft | 259 Mio. € |
| Summe | 804 Mio. € |

**** Die Kennzahl „Übrige Passiva“ wird genutzt, um in den Geschäftsberichten und Zwischenmitteilungen die Posten aus der Bilanz zusammenzufassen, die auf die finanzielle Leistungsfähigkeit der Berlin Hyp AG keinen Einfluss haben. Diese Zahl setzt aus den folgenden Bilanzkennziffern, die aus unserem SAP-FI Buchungssystem stammen, zusammen:

| | |
|--|------------|
| Sonstige Verbindlichkeiten | 599 Mio. € |
| davon Collaterals | 523 Mio. € |
| Rechnungsabgrenzungsposten | 229 Mio. € |
| davon aus dem Emissions- und Darlehensgeschäft | 229 Mio. € |
| Summe | 828 Mio. € |

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1.5. In the German language version of the Summary (Zusammenfassung des Prospekts) on page 23 the following table shall be added after the existing table “Kurzdarstellung Gewinn- und Verlustrechnung” within B.12:

“Quartals-Kurzdarstellung Gewinn- und Verlustrechnung

| in Mio. € | 01.01.2016 – 30.09.2016* | 01.01.2015 – 30.09.2015* | Veränderung in %* |
|--|--------------------------|--------------------------|-------------------|
| Zinsüberschuss | 199,3 | 184,6 | 8,0 |
| Provisionsüberschuss | 28,6 | 21,6 | 32,4 |
| Personalaufwendungen | 45,9 | 56,4 | -18,6 |
| Andere Verwaltungsaufwendungen | 35,1 | 31,4 | 11,8 |
| Abschreibungen auf Sachanlagen | 2,9 | 3,0 | -3,3 |
| Sonstiger betrieblicher Ertrag/Aufwand | -18,5 | 10,4 | - |
| Risikovorsorge | 40,2 | 48,1 | -16,4 |
| Betriebsergebnis nach Risikovorsorge | 85,3 | 77,7 | 9,8 |
| Aufwendungen aus Gewinnabführung | 47,0 | 61,3 | -23,3 |
| Überschuss | 0,0 | 0,0 | - |

* Informationen in dieser Spalte stammen aus der ungeprüften Zwischenmitteilung,,

1.6. In the German language version of the Summary (Zusammenfassung des Prospekts) within B.12 the section “Wesentliche Veränderung der bei Finanzlage oder Handelsposition der Emittentin“ on page 24 shall be replaced by the following:

„Entfällt. Seit dem 30. September 2016 ist keine wesentliche Veränderung in der Finanzlage der Berlin Hyp eingetreten.“

1.7 The wording of section 6.10.6 “Significant change in Berlin Hyp’s Financial Position” on page 71 of the Prospectus shall be replaced by the following:

“There has been no significant change in the financial position of Berlin Hyp since 30 September 2016 (the end of the last financial period for which financial information has been published).”

IV. Annex to the Prospectus

An excerpt from the unaudited interim report 2016 for the period ending 30 September 2016, shall be added under “**13. Annex**” at the end thereof and shall be deemed to be incorporated in, and to form part, of the Prospectus.

The comparative figures of 31 December 2015 derive from the audited annual report 2015, as included in the Base Prospectus 2016 and from the unaudited interim report as of 30 September 2015, as included in the 2nd supplement dated 12 November 2015 to the Base Prospectus 2015.

“Interim Report as at 30 September 2016

Key Figures of Berlin Hyp AG

| Excerpt from the Balance Sheet € m | 30.09.2016 | 31.12.2015 |
|-------------------------------------|------------|------------|
| Claims against banking institutions | 1,034 | 673 |
| Claims against customers | 20,060 | 20,610 |
| Of which: | | |
| a) Mortgage loans | 18,143 | 17,898 |
| b) Public-sector loans | 1,898 | 2,652 |
| Liabilities to banking institutions | 5,463 | 6,297 |
| Liabilities to customers | 5,636 | 6,349 |
| Of which: | | |
| a) Registered mortgage Pfandbriefe | 2,412 | 2,479 |
| b) Registered public Pfandbriefe | 1,175 | 1,246 |
| Securitised liabilities | 14,164 | 13,383 |
| Of which: | | |
| a) Mortgage Pfandbriefe | 8,442 | 7,926 |
| b) Public Pfandbriefe | 1,622 | 1,650 |
| Reported equity | 936 | 936 |
| Balance sheet total | 27,763 | 28,544 |

| Business Development € m | 01.01. – 30.09.2016 | 01.01. – 30.09.2015 |
|---|------------------------|------------------------|
| New loan commitments | 3,639 | 3,265 |
| New lending | 3,639 | 3,265 |
| Of which: Residential loans | 684 | 546 |
| Commercial loans | 2,955 | 2,719 |
| Public-sector loans | 0 | 0 |
| Extensions (capital employed ≥ 1 year) | 503 | 747 |
| Non-performing loans | 419 | 489 |
| Other | | |
| Number of employees (as at the reporting date) | 588 | 576 |

| Excerpt from the Profit and Loss Account in € m | 01.01. – 30.09.2016 | 01.01. – 30.09.2015 |
|---|------------------------|------------------------|
| Net interest income | 199.3 | 184.6 |
| Net commission income | 28.6 | 21.6 |
| Staff expenditure | 45.9 | 56.4 |
| Other operating expenditure | 35.1 | 31.4 |
| Depreciations on tangible assets | 2.9 | 3.0 |
| Operating expenditure | 83.9 | 90.8 |
| Risk provisioning | 40.2 | 48.1 |
| Operating result* | 85.3 | 77.7 |
| Income from financial investments | 2.7 | 1.8 |
| Bank levy | 10.9 | 17.7 |
| Provision for general banking risks | 30.0 | 0.0 |
| Profit transfer | 47.0 | 61.3 |
| Net income for the year | 0.0 | 0.0 |
| Cost-income ratio in % | 40.1 | 41.6 |
| Return on equity in % | 9.9 | 8.1 |

* The previous year's figures have been adjusted accordingly for the discontinuation of the "extraordinary result" from 2016.

| Regulatory law Key figures € m* | 30.09.2016 | 31.12.2015 |
|---|------------|------------|
| Hard core capital (CET1) | 1,005 | 1,007 |
| Additional core capital (AT1) | 0 | 0 |
| Core capital (T1) | 1,005 | 1,007 |
| Supplementary capital (T2) | 279 | 316 |
| Equity/total capital (Total Capital) | 1,285 | 1,323 |
| RWA | 7,952 | 7,598 |
| Hard core capital ratio (CET1-ratio) in % | 12.6 | 13.3 |
| Core capital ratio (T1 ratio) in % | 12.6 | 13.3 |
| Total capital ratio in % | 16.2 | 17.4 |
| Leverage Ratio in % | 3.5 | 3.5 |

* previous year figures after adoption

Framework Conditions

Berlin Hyp's business continued to be affected by a number of uncertainties in the third quarter of the year.

The global economy may have experienced slow but steady recovery, but the economic growth dynamic in the Eurozone was more restrained. Production only expanded as a result of a slight increase in exports, while consumption increased only by a very small margin. Brexit has yet to have any specific consequences for economic development, but the upcoming negotiations with the United Kingdom regarding its departure from the EU remain shrouded in uncertainty and nerviness. In Germany, production growth was somewhat more robust. Private consumption and state expenditure increased markedly. This was predominantly due to the ongoing rise in employment and higher government spending relating to the migration of refugees.

The interest policy and capital measures of the European Central Bank (ECB) remain geared towards expansion. No reversal of this policy is on the cards. Volatility on the financial markets remains high. These market conditions and increasing regulatory requirements in the banking sector are having a negative impact on the Bank.

Investors on the commercial real estate market are extremely active at the moment in view of the macroeconomic situation presented above, but also have high liquidity.

Transaction volumes for commercial real estate in Germany rose significantly in the third quarter and stood at roughly € 32.7 billion after the first nine months of the year. This may equate to a 14 % decline year on year, but total transaction volume is expected to amount to up to € 50 billion over the year as a whole. This

would see 2016 become the year with the third-highest transaction volume in history, behind 2007 and 2015. Investors are nine-month period. A total of 38 properties and portfolios exceeded the EUR 100 million mark in terms of volume.

Around 40 % of transaction volume was attributed to office real estate (approximately € 13.1 billion), followed by retail real estate, which accounted for 25 % (€ 8.1 billion). The remaining volume was shared between warehouse and logistics real estate (just under 10 %), hotel real estate (just under 9 %) and mixed-use real estate (approximately 7 %). The final 10 % was predominantly accounted for by specialist real estate such as care homes and homes for the elderly.

Confidence in the German real estate market remains high across all asset classes. Foreign investors continue to see Germany as a suitable investment location and have maintained the investment activities at a high level. In terms of transaction volume, they account for over 40 % of the market.

Commercial real estate financing continues to see stiff competition, which is marked by a high level of repayments and increased pressure on margins among competitors. A look at Berlin Hyp's performance over the course of the year so far is all the more pleasing, as we have been able to cement our position and continue our successful development on a sustainable basis.

New lending

New real estate financing business totalled € 3,639 million in the first three quarters of the year (previous year: € 3,265 million). In spite of the extremely active competitive environment, new lending volume plus long-term extensions came to a pleasing € 4,142 million (€ 4,012 million).

The investors customer group accounted for the lion's share of new lending at 78 %. 11 % of transactions were concluded with builders/developers and housing societies respectively. The commercial real estate asset class accounted for 81 % of financing agreements, while 19 % 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 approximately € 1,181 million as at the reporting date of 30 September 2016. Roughly € 956 million of this amount was attributed to syndication business with savings banks and € 225 million to two ImmoSchuldschein transactions.

In the third quarter, Berlin Hyp successfully issued a Germany-wide retail portfolio as an ImmoSchuldschein to German savings banks for the first time. The number of savings banks to participate in Berlin Hyp financing through ImmoSchuldscheine has risen to 89 across all member associations. The reach of the ImmoSchuldschein product within the Savings Bank Finance Group is set to be expanded through a further retail portfolio which is currently being marketed.

S-Group business grew once again year on year and Berlin Hyp further integrated itself as part of the Savings Bank Finance Group.

Business performance from January to September 2016

Despite the persistently low interest rates, fierce competition in the commercial real estate financing market and increasingly strict regulatory requirements, the first three quarters of 2016 have been positive overall. The Bank's sustainable business policy has proven its worth once again. Berlin Hyp remains one of Germany's leading commercial real estate financiers.

At the start of the year a strategy was launched to further enhance Berlin Hyp's competitiveness and put it in a position to rise to future challenges. Besides restructuring operating procedures, the strategy was focused on tackling the ongoing digitalisation of the market and the constant increase in regulatory requirements.

In terms of the forecast for financial year 2016, in which the Bank had anticipated that its operating results before profit transfer would decline significantly compared to 2015, the Bank is satisfied with the course of the year so far. In order to increase the capital reserve for the further rise in regulatory requirements, the Bank has taken the opportunity provided by the positive business performance and stocked up its fund for general banking risks in accordance with Section 340g German Commercial Code (HGB).

Earnings Situation

Net interest and commission income increased by € 21.7 million on the prior-year level to € 227.9 million.

Net interest income was up € 14.7 million year on year to € 199.3 million. The fall in refinancing expenses and the increase in average mortgage portfolio had a positive impact on business in spite of the challenging low-interest environment and the flat yield curve. Prepayment penalties were compensated by corresponding countermeasures to ease the burden in the future.

Net commission income stood at € 28.6 million, and rose by € 7.0 million year on year on the back of solid new lending business despite fierce competition.

Operating expenditure comprises staff expenditure, other operating expenditure and write-offs on fixed assets and intangible assets and came in at € 83.9 million, down on the previous year's figure of € 90.8 million.

Staff expenditure declined significantly by € 10.5 million to € 45.9 million as a result of the extension of the assessment period for the calculation of pension liabilities to 10 years and the associated decrease in the deferred amount.

Other operating expenditure came to € 35.1 million, rising by € 3.7 million year on year. In addition to legal and consulting costs, other operating expenditure also includes IT expenditure and intra-Group charges for the administrative holding costs related to the managing institution from a regulatory perspective. Write-offs on fixed assets and intangible assets did not experience significant change.

The other operating result stood at € -18.5 million, substantially lower than the previous-year figure of € 10.4 million. Besides deferred amounts for pension obligations, this decline was the result of proceeds from the dissolution of reserves in the previous year.

The operating result before risk provisioning amounted to € 125.5 million, which was on par with the previous year's figure (€ 125.8 million). Taking into account the formation of reserves pursuant to Section 340f German Commercial Code (HGB), the Bank's total risk provisioning for the first three quarters of financial year 2016 amounted to € 40.2 million.

This equates to a year-on-year decline of € 7.9 million.

Risk provisioning in the lending business benefited from solid economic framework conditions and the Bank's active risk management strategy. In spite of the formation of reserves pursuant to Section 340f German Commercial Code (HGB), risk provisioning for the lending business of € 36.9 million fell short of expectations (€ 21.1 million).

Risk provisioning expenditure for securities in the liquidity reserve stood at € 3.3 million, down from € 27.0 million in the previous year. This largely included valuations to the lower of cost or market value.

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

Net income from investments was primarily impacted by disposals and write-ups on investment securities and came in at € 2.7 million (€ 1.8 million).

The annual expenditure for the European banking levy has already been recognised in full through the amount of € 10.9 million recognised in the Federal Agency for Financial Market Stabilisation (FMSA) statement for 2016. This represents a € 6.8 million decline in expenditure compared to the figure recognised in the previous year.

The operating result after risk provisioning increased from € 77.7 million to € 85.3 million.

The Bank added a further € 30.0 million (previous year: € 0.0 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 of banks in the future. This fund now amounts to € 133.0 million.

Operating results before profit transfer came to € 47.0 million (previous year: € 61.3 million) and corresponded to the forecast figure.

The cost-income ratio before the banking levy, which expresses the relationship between operating expenditure and net interest and commission income including other operating income, was 40.1 % as of 30 September 2016 (previous year: 41.6 %).

Return on equity was increased from 8.1 % to 9.9 % thanks to the positive development of the earnings situation.

Capitalisation

Berlin Hyp's reported equity as at 30 September 2016 came to € 935.9 million. This figure includes profit carried forward of € 2.2 million. In addition, € 103.0 million is available in the form of a reserve from the 2015 annual accounts prepared pursuant to Section 340g German Commercial Code (HGB) and € 284.4 million of subordinated capital 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 2016 was 12.6 % and the total capital ratio was 16.2 % (previous year: 12.6 % and 16.8 % respectively). The unchanged core capital ratio was due to consistent risk items, 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: € 466.2 million), fundamentally complies with the requirements of the Capital Requirements Regulation (CRR).

Berlin Hyp's capital requirements will rise in the coming years due to the stricter requirements of Basel IV. The Bank has taken suitable capital measures into account in its forecasts in order to counteract the anticipated regulatory requirements.

Balance sheet total

The balance sheet total came to € 27.8 billion as at the reporting date, down on the figure at the end of 2015 (€ 28.5 billion). The mortgage portfolio increased marginally to € 18.1 billion (31 December 2015: € 17.9 billion). Additions to new lending were offset by extraordinary outflows through early repayments.

The decrease in fixed-interest debentures from € 6.5 billion to € 5.9 billion was the result of maturities and sales since the start of the year. On the liabilities side, liabilities to banking institutions fell from € 6.3 billion to € 5.5 billion and liabilities to customers from € 6.3 billion to € 5.6 billion since the start of the year. By contrast, securitised liabilities rose from € 13.4 billion to € 14.2 billion.

Refinancing

Eurozone yields are extremely low across all asset classes on the fixed-income market. This is due to the persistently low interest rates and the generally very narrow credit spreads. The trend for converging spreads has continued on the covered bond market. Bonds from core European markets are now trading at an almost identical level. The market for unsecured bank bonds paints a much more varied picture. The majority of risk premiums here may be extremely low, but certain lenders implemented some major deductions in the reporting period due to individual credit events, making the spread in the investment grade segment more marked this year than last year.

Berlin Hyp had market access at all times. It continues to benefit from the reputation it has built up over many years as a reliable and sound issuer and its involvement in the Savings Banks Finance Group. In the first half of the year, the Bank issued two mortgage Pfandbriefe in benchmark format, each with a volume of € 500 million, with terms of seven and three years respectively. The third quarter then saw the issue of Berlin Hyp's first Green Senior Unsecured Bond in benchmark format. The seven-year bond with a volume of € 500 million has a coupon of 0.5 % and was issued at a re-offer spread at mid-swap +52 basis points. Berlin Hyp is using the proceeds from this issue to finance loans for green buildings, which offer particularly high energy efficiency. In addition, the Bank aims to invest an amount equating to the proceeds in additional, new green building financing during the term of the bond. Sustainability ratings agency oekom research awarded the Berlin Hyp bond programme, under which the Green Bond was issued, with a positive sustainability rating in a second-party opinion. The Bank was able to attract 35 new investors through the bond issue.

Following the issue of the first green Pfandbrief in April 2015 and the Green Senior Unsecured Bond this September, Berlin Hyp became the first lender to issue Green Bonds in more than one asset class.

In June and September 2016, the Bank invested in the first and second tranches of targeted longer-term refinancing operations (TLTRO) II in the amount of € 500 million respectively.

Berlin Hyp's ratings remained unchanged in the reporting period. However, Moody's raised the negative outlook on the Bank's A2 issuer rating to a positive outlook. Fitch's senior unsecured rating remained at A+ with a stable outlook.

The ratings issued by Moody's and Fitch for Berlin Hyp Mortgage Pfandbriefe and Public Pfandbriefe were also unchanged as at 30 September at Aaa and AA+ respectively with a stable outlook.

Berlin, November 2016

The Board of Management"

Excerpt from the Balance Sheet as at 30 November 2016

| Assets | 30.09.2016 € m | 31.12.2015 € m | Change € m | Change % |
|--|-------------------|-------------------|---------------|-------------|
| Claims against banking institutions | 1,034 | 673 | 361 | 53.6 |
| Mortgage loans | 0 | 0 | 0 | - |
| Public-sector loans | 265 | 383 | -118 | -30.8 |
| Other receivables | 769 | 290 | 479 | - |
| Claims against customers | 20,060 | 20,610 | -550 | -2.7 |
| Mortgage loans | 18,143 | 17,898 | 245 | 1.4 |
| Public-sector loans | 1,898 | 2,652 | -754 | -28.4 |
| Other receivables | 19 | 60 | -41 | -68.3 |
| Debtures | 5,865 | 6,485 | -620 | -9.6 |
| Tangible assets and intangible investment assets | 67 | 66 | 1 | 1.5 |
| Remaining assets | 737 | 710 | 27 | 3.8 |
| Total assets | 27,763 | 28,544 | -781 | -2.7 |

| Liabilities | 30.09.2016 € m | 31.12.2015 € m | Change € m | Change % |
|--|-------------------|-------------------|---------------|--------------|
| Liabilities to banking institutions | 5,463 | 6,297 | -834 | -13.2 |
| Registered Mortgage Pfandbriefe | 350 | 356 | -6 | -1.7 |
| Registered Public Pfandbriefe | 336 | 378 | -42 | -11.1 |
| Other liabilities | 4,777 | 5,563 | -786 | -14.1 |
| Liabilities to customers | 5,636 | 6,349 | -713 | -11.2 |
| Registered Mortgage Pfandbriefe | 2,412 | 2,479 | -67 | -2.7 |
| Registered Public Pfandbriefe | 1,175 | 1,246 | -71 | -5.7 |
| Other liabilities | 2,049 | 2,624 | -575 | -21.9 |
| Securitised liabilities | 14,164 | 13,383 | 781 | 5.8 |
| Mortgage Pfandbriefe | 8,442 | 7,926 | 516 | 6.5 |
| Public Pfandbriefe | 1,622 | 1,650 | -28 | -1.7 |
| Other debentures | 4,100 | 3,807 | 293 | 7.7 |
| Reserves | 160 | 145 | 15 | 10.3 |
| Subordinated liabilities | 443 | 443 | 0 | 0.0 |
| Fund for general bank risks | 133 | 103 | 30 | 29.1 |
| Remaining liabilities | 828 | 888 | -60 | -6.8 |
| Equity capital | 936 | 936 | 0 | 0.0 |
| of which: balance sheet profit | 2 | 2 | 0 | 0.0 |
| Total liabilities | 27,763 | 28,544 | -781 | -2.7 |

Profit and Loss Account from 1 January to 30 September 2016

| | 01.01.2016 - 30.09.2016 € m | 01.01.2015 - 30.09.2015 € m | Change € m | Change % |
|---|-----------------------------------|-----------------------------------|---------------|--------------|
| Net interest income | 199.3 | 184.6 | 14.7 | 8.0 |
| Net commission income | 28.6 | 21.6 | 7.0 | 32.4 |
| Operating expenditure | 83.9 | 90.8 | -6.9 | -7.6 |
| Staff expenditure | 45.9 | 56.4 | -10.5 | -18.6 |
| Other operating expenditure | 35.1 | 31.4 | 3.7 | 11.8 |
| Depreciations and valuation adjustments on intangible investment assets and tangible assets | 2.9 | 3.0 | -0.1 | -3.3 |
| Other operating earnings and expenditure ^a | -18.5 | 10.4 | -28.9 | - |
| Operating result before risk provisioning | 125.5 | 125.8 | -0.3 | -0.2 |
| Risk provisioning | 40.2 | 48.1 | -7.9 | -16.4 |
| Operating result after risk provisioning | 85.3 | 77.7 | 7.6 | 9.8 |
| Financial investment result | 2.7 | 1.8 | 0.9 | 50.0 |
| Bank levy | 10.9 | 17.7 | -6.8 | -38.4 |
| Contribution to the fund for general bank risks | 30.0 | 0.0 | 30.0 | - |
| Other taxes | 0.2 | 0.1 | 0.1 | - |
| Profit before income tax and profit transfer | 46.9 | 61.7 | -14.8 | -24.0 |
| Income tax | -0.1 | 0.4 | -0.5 | - |
| Expenditure from profit transfer | 47.0 | 61.3 | -14.3 | -23.3 |
| Net income | 0.0 | 0.0 | 0.0 | - |

Explanations of the Profit and Loss Account

| Net interest income | 01.01.2016 - 30.09.2016 | 01.01.2015 - 30.09.2015 | Change | Change |
|---|----------------------------|----------------------------|---------------|--------------|
| | € m | € m | € m | % |
| Interest earnings from | | | | |
| Mortgage loans | 300.4 | 361.7 | -61.3 | -16.9 |
| Public-sector loans | 3.7 | 8.2 | -4.5 | -54.9 |
| Other receivables | -0.1 | 5.7 | -5.8 | - |
| Fixed-income securities and book-entry securities | 36.0 | 59.0 | -23.0 | -39.0 |
| | 340.0 | 434.6 | -94.6 | -21.8 |
| Earnings from | | | | |
| Participations and affiliated enterprises | 0.0 | 0.0 | 0.0 | - |
| | 0.0 | 0.0 | 0.0 | - |
| Interest expenditure for | | | | |
| Deposits and registered Pfandbriefe | 77.8 | 155.1 | -77.3 | -49.8 |
| Securitized liabilities | 53.7 | 85.0 | -31.3 | -36.8 |
| Subordinated liabilities and profit-sharing rights | 9.2 | 9.9 | -0.7 | -7.1 |
| | 140.7 | 250.0 | -109.3 | -43.7 |
| Net interest income | 199.3 | 184.6 | 14.7 | 8.0 |
| Operating expenditure | | | | |
| Staff expenditure | | | | |
| Wages and salaries | 38.2 | 39.2 | -1.0 | -2.6 |
| Social security contributions / retirement pensions | 7.7 | 17.2 | -9.5 | -55.2 |
| | 45.9 | 56.4 | -10.5 | -18.6 |
| Other operating expenditure | | | | |
| Staff-related material costs | 1.9 | 1.5 | 0.4 | 26.7 |
| Building and premises costs | 2.6 | 2.3 | 0.3 | 13.0 |
| Operating and business equipment | 0.5 | 0.5 | 0.0 | 0.0 |
| IT expenditure | 11.9 | 9.6 | 2.3 | 24.0 |
| Advertising and marketing | 1.4 | 1.2 | 0.2 | 16.7 |
| Business operation costs | 1.3 | 1.6 | -0.3 | -18.8 |
| Consultants / audits / subscriptions | 10.6 | 8.8 | 1.8 | 20.5 |
| Group payment set-off | 4.9 | 5.9 | -1.0 | -16.9 |
| | 35.1 | 31.4 | 3.7 | 11.8 |
| Depreciations and valuation adjustments on intangible investment assets and tangible assets | 2.9 | 3.0 | -0.1 | -3.3 |
| Operating expenditure | 83.9 | 90.8 | -6.9 | -7.6 |
| Risk provisioning | | | | |
| Risk provisioning for loan business | 36.9 | 21.1 | 15.8 | 74.9 |
| Securities results | 3.3 | 27.0 | -23.7 | -87.8 |
| Risk provisioning | 40.2 | 48.1 | -7.9 | -16.4 |

Signatures

Berlin Hyp AG

Berlin, 17 November 2016



Renate Freifrau von Ketteler



Matthias Ille