

Defining values – and living up to them

Annual Report 2020

Annual Accounts

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Balance Sheet of Berlin Hyp AG as at 31 December 2020

Assets	€	31.12.2020 €	31.12.2019 T€
1. Cash reserves			
a) Cash in hand	0.00		0.00
b) Central banks credit balances	1,894,485,769.36		25,578
of which: at Deutsche Bundesbank €1,894,485,769.36 (previous year: T€25,578)		1,894,485,769.36	25,578
2. Public-sector debt and bills of exchange admitted for refinancing at central banks		0.00	0
3. Claims against banking institutions			
a) Mortgage loans	0.00		0
b) Public-sector loans	0.00		0
c) Other claims	111,547,230.73		261,836
of which: due on demand €4,800,780.58 (previous year: T€5,533) with securities as collateral €0.00 (previous year: T€0)		111,547,230.73	261,836
4. Claims against customers			
a) Mortgage loans	23,863,568,722.92		21,774,049
b) Public-sector loans	417,881,129.35		521,895
c) Other receivables	101,410,390.25		107,334
of which: with securities as collateral €0.00 (previous year: T€0)		24,382,860,242.52	22,403,278
5. Debentures and other fixed-interest securities			
a) Money market securities			
aa) Issued by public institutions	0.00		0
of which: eligible as security at Deutsche Bundesbank €0.00 (previous year: T€0)			
ab) From other issuers	135,087,396.76		0
of which: eligible as security at Deutsche Bundesbank €135,087,396.76 (previous year: T€0)			
	135,087,396.76		0
b) Bonds and debentures			
ba) Issued by public institutions	2,096,131,096.12		619,999
of which: eligible as security at Deutsche Bundesbank €2,096,128,931.91 (previous year: T€619,997)			
bb) From other issuers	3,991,955,113.95		3,078,667
of which: eligible as security at Deutsche Bundesbank €3,848,665,727.02 (previous year: T€2,924,438)			
	6,088,086,210.07		3,698,666
c) Own debentures	0.00		0
Nominal amount €0.00 (previous year: T€0)		6,223,173,606.83	3,698,666
6. Shares and other non-fixed-interest securities		0.00	0
6a. Trading portfolio		0.00	0
7. Participations		3,195,934.41	5,716
of which: in banking institutions €0.00 (previous year: T€0) in financial services institutions €0.00 (previous year: T€0)			
Carryover		32,615,262,783.85	26,395,074

Liabilities

	€	31.12.2020 €	31.12.2019 T€
1. Liabilities to banking institutions			
a) Registered mortgage Pfandbriefe issued	124,812,624.14		177,518
b) Registered public Pfandbriefe issued	9,367,788.03		45,760
c) Other liabilities	9,323,553,246.26		3,803,269
of which: due on demand €7.03 (previous year: T€103,370)		9,457,733,658.43	4,026,547
Registered mortgage Pfandbriefe delivered to the lender as collateral for loans taken up €0.00 (previous year: T€0) and public registered Pfandbriefe delivered €0.00 (previous year: T€0)			
2. Liabilities to customers			
a) Registered mortgage Pfandbriefe issued	1,506,389,579.74		1,622,346
b) Registered public Pfandbriefe issued	237,755,080.59		399,517
c) Other liabilities	2,732,341,457.56		2,302,757
of which: due on demand €287,549,063.19 (previous year: T€379,632)		4,476,486,117.89	4,324,620
Registered mortgage Pfandbriefe delivered to the lender as collateral for loans taken up €0.00 (previous year: T€0) and public registered Pfandbriefe delivered €0.00 (previous year: T€0)			
3. Securitised liabilities			
a) Debentures issued			
aa) Mortgage Pfandbriefe	10,453,277,085.74		10,303,317
ab) Public Pfandbriefe	20,452,362.44		20,451
ac) Other debentures	6,607,050,597.10		5,828,783
	17,080,780,045.28		16,152,551
b) Other securitised liabilities	0.00		0
of which: money market securities €0.00 (previous year: T€0)		17,080,780,045.28	16,152,551
3a. Trading portfolio		0.00	0
4. Trust liabilities		0.00	0
of which: trust loans €0.00 (previous year: T€0)			
5. Other liabilities		360,579,001.18	442,013
6. Deferred income			
a) From issue and loan business	114,462,198.05		121,984
b) Other	0.00		0
		114,462,198.05	121,984
6a. Deferred tax liabilities		0.00	0
7. Reserves			
a) Provisions for pensions and similar obligations	199,900,330.00		186,085
b) Tax provisions	94,500.00		10
c) Other provisions	76,251,479.75		73,744
		276,246,309.75	259,839
8. Subordinated liabilities		232,899,813.98	339,698
Carryover		31,999,187,144.56	25,667,252

Balance Sheet of Berlin Hyp AG as at 31 December 2020

Assets	€	31.12.2020 €	31.12.2019 T€
Carryover		32,615,262,783.85	26,395,074
8. Shares in affiliated enterprises		25,646.61	26
of which: in banking institutions €0.00 (previous year: T€0)			
in financial services institutions €0.00 (previous year: T€0)			
9. Trust assets		0.00	0
of which: trust loans €0.00 (previous year: T€0)			
10. Equalisation claims against public-sector institutions, including debentures arising from their exchange		0.00	0
11. Intangible investment assets			
a) Internally produced industrial property rights and similar rights and values	0.00		0
b) Purchased concessions, industrial property rights and similar rights and values as well as licences for such rights and values	24,396,678.73		9,552
c) Goodwill	0.00		0
d) Payments in advance	12,817,812.14		21,225
		37,214,490.87	30,777
12. Tangible assets		42,536,934.92	49,312
13. Unpaid called-up contributions to the subscribed capital		0.00	0
14. Other assets		623,990,485.13	409,040
15. Deferred income			
a) From issue and loan business	102,466,758.09		135,514
b) Other	1,593,202.22		1,412
		104,059,960.31	136,926
16. Deferred tax assets		0.00	0
17. Surplus arising from offsetting		0.00	0
18. Deficit not covered by equity		0.00	0
Total assets		33,423,090,301.69	27,021,155

Liabilities

	€	31.12.2020 €	31.12.2019 T€
Carryover		31,999,187,144.56	25,667,252
9. Profit-sharing rights capital		0.00	0
of which: due within two years €0.00 (previous year: T€0)			
10. Fund for general banking risks		488,000,000.00	418,000
11. Equity			
a) Called-up capital			
aa) Subscribed capital	753,389,240.32		753,389
ab) Less unpaid contributions not called up	0.00		0
	753,389,240.32		753,389
b) Capital reserve	158,316,268.74		158,316
c) Profit reserve			
ca) Statutory reserve	22,022,655.29		22,023
cb) Reserve for own shares in companies with a controlling or majority holding	0.00		0
cc) Articles of Association reserve	0.00		0
cd) Other profit reserves	2,174,992.78		2,175
	24,197,648.07		24,198
d) Balance sheet profit	0.00		0
		935,903,157.13	935,903
Total liabilities		33,423,090,301.69	27,021,155
1. Contingent liabilities			
a) Liabilities from guarantees and indemnity agreements		183,995,054.92	258,890
2. Other obligations			
a) Irrevocable loan commitments		3,006,043,168.36	2,958,659

Profit and Loss Account

of Berlin Hyp AG for the period from 1 January to 31 December 2020

Expenditure	€	2020 €	2019 T€
1. Interest expenditure	101,096,091.14		91,860
less positive interest	31,815,758.83	69,280,332.31	18,109 73,751
2. Commission expenditure		9,276,698.00	8,768
3. Net expenditure of the trading portfolio		0.00	0
4. General operating expenditure			
a) Staff expenditure			
aa) Wages and salaries	58,775,963.62		57,277
ab) Social security contributions and expenses for retirement pensions and other employee benefits of which: for retirement pensions €15,154,274.48 (previous year: T€27,202)	23,258,025.51		35,088
	82,033,989.13		92,365
b) Other administrative expenditure of which: Expenditure for bank levy €13,388,028.87 (previous year: T€12,040)	70,075,968.46		67,558
		152,109,957.59	159,923
5. Amortisation on and depreciation of and valuation adjustments on intangible and tangible assets		21,093,018.92	12,388
6. Other operating expenditure		9,846,759.85	10,199
7. Depreciation and valuation adjustments on claims and specific securities and additions to provisions made for lending		61,600,596.51	0
8. Depreciations and valuation adjustments on interests, shares in affiliated enterprises and securities treated as investment assets		2,846,027.36	4,000
9. Expenditure for loss assumptions		0.00	0
10. Contribution to the fund for general banking risks		70,000,000.00	90,000
11. Extraordinary expenditure		0.00	0
12. Taxes on income and earnings		238,563.80	609
13. Other taxes not shown under Item 6		171,074.00	175
14. Profits transferred on the basis of a profit pool, a profit transfer or partial profit transfer agreement		23,403,689.45	61,007
15. Net income for the year		0.00	0
Total expenditure		419,866,717.79	420,820

Income

	€	2020 €	2019 T€
1. Interest income from			
a) Lending and money market transactions	398,696,915.06		391,938
less negative interest from lending and money market transactions	10,326,878.31	388,370,036.75	5,815
			386,123
b) Fixed-income securities and book-entry securities	-5,941,518.29		-2,665
		382,428,518.46	383,458
2. Current income from			
a) Shares and other non-fixed-interest securities	0.00		0
b) Participations	2,546.16		0
c) Shares in affiliated companies	0.00		0
		2,546.16	0
3. Income from profit pooling, profit transfer or partial profit transfer agreements		0.00	0
4. Commission income		29,278,203.66	26,606
5. Net earnings of the trading portfolio		0.00	0
6. Income from attributions to claims and specific securities and the dissolution of provisions made for lending		0.00	2,178
7. Income from attributions to interests, shares in affiliated enterprises and securities treated as investment assets		0.00	0
8. Other operating income		8,157,449.51	8,578
9. Income from the dissolution of the fund for general banking risks		0.00	0
10. Net loss for the year		0.00	0
Total income		419,866,717.79	420,820

Statement of Changes in Equity and Cash Flow Statement

T€	Subscribed capital	Capital reserve	Profit reserves	Balance sheet profit	Total equity capital
As at 01.01.2020	753,389	158,316	24,198	0	935,903
Capital increases	0	0	0	0	0
Dividend payments	0	0	0	0	0
Other changes pursuant to Section 152 (3) No. 1 German Stock Corporation Act (AktG)	0	0	0	0	0
As at 31.12.2020	753,389	158,316	24,198	0	935,903

The cash flow statement provides information on the status and development of the Bank's funds, separated according to the divisions of operating business activities, investment activities and finance activities. It is prepared in accordance with German Accounting Standard No. 21.

Cash flows for operating business activities are allocated by separating them from operating results. The cash flow from investment activities largely results from deposits and withdrawals in connection with the disposal or acquisition of financial and/or tangible assets. In assessing the change of funds from financing activity, changes in subordinated liabilities are taken in consideration alongside relations to equity suppliers.

The cash and cash equivalent shown includes the cash reserve, which is composed of cash holdings and credit balances with central banks. €656 million are attributable to the HAM cover funds at the Bundesbank and are considered restricted.

Expenses from the profit transfer agreement with Landesbank Berlin Holding AG, Berlin, of €23.4 million are reported separately. The transfer of profits for the 2019 financial year made during the current year is reported in cash flow from financing activities.

Cash Flow Statement in T€ (+ = cash inflow, - = cash outflow)	2020	2019
Net income for the year	0	0
Depreciation of tangible assets and amortisation of intangible assets, valuation adjustments on/attribution to claims and investment asset items	176,003	35,991
Increase/decrease in provisioning	16,407	24,390
Other non-cash expenditure/income	0	0
Profit/loss from the sale of investment asset items	-295	-3,936
Profit and loss transfer agreement	23,404	61,007
Other adjustments (on balance)	-67,111	-6,583
Increase/decrease in		
Claims against banking institutions	125,734	711,923
Claims against customers	-2,070,234	-1,552,040
securities (unless they are financial investments)	-2,577,505	-682,887
other assets from current business operations	-182,083	-208,208
liabilities to banking institutions	5,451,393	-12,760
liabilities to customers	140,828	-589,693
securitised liabilities	929,473	428,198
other liabilities from current business operations	-50,229	17,256
Interest expenditure/interest income	-313,149	-309,707
Expenditure/income from extraordinary items	0	0
Income tax expenditure/earnings	239	609
Interest payments and dividend payments received	415,944	422,859
Interest paid	-80,816	-91,296
Extraordinary in-payments	0	0
Extraordinary disbursements	0	0
Income tax payments	-154	-638
Cash flow from operating activities	1,937,850	-1,755,515
In-payments from disposals of		
financial investment assets	50,276	54,600
tangible assets	256	3
intangible investment assets	13	26
Disbursements for investments in		
financial investment assets	-378	-4,664
tangible assets	-8,659	-1,830
intangible investment assets	-12,644	-14,204
Change of funds from other investment activity (balance)	0	0
In-payments from extraordinary items	0	0
Disbursements from extraordinary items	0	0
Cash flow from investment activities	28,864	33,931
In-payments from equity contributions by shareholders of the parent company	0	0
In-payments from equity contributions by other shareholders	0	0
Disbursement from reductions in equity to shareholders of the parent company	0	0
Disbursement from reductions in equity to other shareholders	0	0
In-payments from extraordinary items	0	0
Disbursements from extraordinary items	0	0
Dividends paid to shareholders of the parent company	0	0
Dividends paid to other shareholders	0	0
Change of funds from other capital (balance)	-36,798	48,964
Change of funds from previous year's profit and loss transfer	-61,007	-116,409
Cash flow from financing activities	-97,805	-67,445
Cash and cash equivalents at the end of the previous period	25,578	1,814,607
Cash flow from operating activities	1,937,850	-1,755,515
Cash flow from investment activities	28,864	33,931
Cash flow from financing activities	-97,805	-67,445
Cash and cash equivalents at the end of the period	1,894,486	25,578

Notes

Berlin Hyp AG is a public company under German law and is headquartered in Berlin. It is registered in the Commercial Register of the District Court of Charlottenburg under HRB 56530 and is licensed to provide banking business and financial services.

General Information on the Structure of the Annual Accounts and on the Balance Sheet and Evaluation Methods

The annual accounts of Berlin Hyp are prepared according to the provisions of the German Commercial Code (HGB), supplemented by the German Stock Corporation Act (AktG) and taking into consideration the German Pfandbrief Act (PfandBG) and the German Credit Institutions Accounting Regulation (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 German Commercial Code (HGB).

Events after the balance sheet date

After the balance sheet date of 31 December 2020, a prolonged hard lockdown period continued through January with significantly reduced economic activity and limited business activity for many companies (including hotels, non-food retailers, etc.). As a result, the spread of COVID-19 continues to have a considerable impact on the economic activity in many markets. This also means a significantly increased likelihood that the economy will continue to struggle and that the real estate industry will also face negative consequences in future. In this respect, there is an event affecting value after the balance sheet date.

The concrete effects on the economy, individual markets and sectors cannot be conclusively assessed as yet. The forecasts contained in the management report reveal a high degree

of uncertainty in view of the dynamics that are emerging. However, as far as the effects of COVID-19 on the economy are reflected in sustained economic and capital market pressures and the current situation persists or worsens, this could also put significant pressure on the real estate markets, contrary to previous expectations due to vacancies and value losses in commercial real estate, thereby leading to rising risk provisioning expenditures. Furthermore, there could be a decrease in the volume of new business and the number of holdings in the commercial real estate financing business. It therefore cannot be ruled out that further developments in the COVID-19 crisis will lead to negative effects on the planned earnings figures. If this situation were to arise, the profit transfer in 2021 could also be significantly lower than the result in 2020 due to rising risk provisioning expenditures and a negative impact on the interest result. Were this to be the case, the other key management indicators might also develop less favourably than those shown in the forecast report. There may also be consequences for regulatory capital and regulatory indicators. Moreover, this may give rise to liquidity risks. It cannot be ruled out that further developments in the COVID-19 crisis in the 2021 financial year may also have a negative impact on risk management parameters.

Reporting and Valuation Principles

The valuation of assets and liabilities occurs according to the provisions of Sections 252 et seq. German Commercial Code (HGB), taking into account the special regulations for banking institutions pursuant to Sections 340 et seq. German Commercial Code (HGB).

Aside from the creation of an additional COVID-19 management adjustment as part of the lump-sum value adjustment, the accounting and valuation methods used in the annual accounts as at 31 December 2020 are generally the same as those used in the annual accounts of the previous year.

Claims and Liabilities

Claims are shown at their nominal amount, and liabilities are shown at their settlement amount. The difference between amounts paid out and

par value where claims in the lending business are concerned is reported as prepaid expenses and prepaid income, respectively, to the extent that it is classified as interest and released over their term according to schedule.

Discounted debentures are displayed with their issue amount including accrued interest on the basis of issue yields.

Recognisable risks in the lending business were taken into proper consideration through the formation of specific valuation allowances, lump-sum specific valuation allowances and reserves. Lump-sum value adjustments are in place for latent risks in the accounts receivable – in addition to the fund for general banking risks in accordance with Section 340g German Commercial Code (HGB) reported in the balance sheet.

When identifying income and expenses related to risk provisioning, the right to choose full compensation is exercised (Section 340f (3) German Commercial Code (HGB)). Interest is not recognised for irrecoverable claims.

The lump-sum specific valuation allowances and the lump-sum value adjustments are determined using mathematical statistical procedures on the basis of the expected loss concept. For the risk mapping of existing potential counterparty default risks in connection with the coronavirus pandemic, a COVID-19 management adjustment of €25.6 million was established for disbursed loans and €6.4 million through the creation of reserves for irrevocable lending commitments. As a result of the change, the annual accounts provide a more accurate picture of the actual net assets, financial and earnings situation, in compliance with the legally required accounting principles.

Repurchase Agreements

The financial instruments that the Bank, in its capacity as a pension provider, transfers within the framework of genuine repurchase agreements are entered in the balance sheet and evaluated according to their classification. The corresponding liability is carried at the amount of the agreed redemption price, taking into account accrued interest. The difference between the redemption

price and the amount received is considered in the interest result on a pro rata basis.

Securities

With the exception of the accounting units pursuant to Section 254 German Commercial Code (HGB) and the investment portfolio, the amounts included in the 'Debentures and other fixed-interest securities' item were evaluated according to the strict lower-of-cost-or-market principle (Section 253 German Commercial Code (HGB)). They were consequently recognised at fair value to the extent it does not exceed the amortised cost. Fair value in active markets corresponds to the stock market or market price on the reporting date.

Securities valued like assets were evaluated as amortised costs and, providing there are no grounds for sustained impairment, they are written up or off at the nominal value in case of purchase prices that deviate from the nominal value at consistent interest rates up to the respective due date. Reversal of an impairment loss in the fixed assets of rededicated securities is presented in the net income from investments.

Investments and Shares in Affiliated Companies

Participations and shares in affiliated enterprises are included at cost. Where a loss of value is expected to be permanent, they are written down to the lower fair value. If the reasons for the decrease in value no longer exist, write-ups are undertaken to an amount which may not exceed the amortised cost.

Tangible Assets and Intangible Assets

Tangible and intangible assets with limited useful lives are reported at amortised cost, less impairment losses to the lower fair value. Planned amortisation and depreciation are spread over the useful economic life of the assets.

Operating and business equipment are depreciated using the following depreciation periods:

IT equipment	3 - 5 years
Other operating and business equipment	5 - 13 years

The period of amortisation for the software and licences listed under 'Intangible investment assets' ranges between three and five years. Payments in advance are recognised at their nominal amounts.

The depreciation period for the buildings at Budapester Strasse 1 / Keithstrasse 45 was adjusted in 2019 to the demolition of the building started in 2020. The building was therefore fully depreciated on the balance sheet date and removed from the balance sheet.

Interest on debt capital relating to the financing for the construction of the new building at Budapester Strasse 1 is not included in the production costs.

Since 1 January 2018, there has been no compound item formation for low-value assets. For reasons of simplification, up to an amount of €800 net, these assets are immediately depreciated with an effect on expenses.

Reserves

For contingent liabilities, reserves were formed for the settlement amounts required according to prudent commercial judgement, taking into account expected price and cost increases. The Bank determines the amount of these liabilities using estimates, which take into account the respective circumstances and relevant determining factors appropriately. The reserve for legal risks arising from the Federal Court of Justice ruling on 4 July 2017 concerning credit processing fees was fully reversed on 31 December 2020 given the expiry of the limitation period. Reserves for strategic resources planning are based on the results of the related works agreement and operative procedural planning.

The materiality of the discounting of reserves with residual terms of more than one year is reviewed regularly. Material items with a remaining term of over one year are discounted in accordance with Section 253 (2) German Commercial Code (HGB).

Pension reserves are assessed based on actuarial principles employing a discount rate of 2.30% (previous year: 2.71%) of the cash value of the obligations already accrued. The actuarial interest rate refers to the interest rate determined by the Deutsche Bundesbank as at 31 December 2020, which results as a ten-year average interest rate from an assumed residual term of 15 years (Section 253 (2) Sentence 2 German Commercial

Code (HGB)). The difference between the recognition of reserves in accordance with the actuarial interest rates of the past ten financial years and the recognition of reserves in accordance with the corresponding average market interest rates for the past seven financial years (discount rate of 1.60% (1.97%)) amounts to €30.0 million (€28.9 million); the difference is not taken into account as being suspended for payment.

Pension obligations are based on the projected unit credit method using the 2018 G Heubeck Guideline Tables as the biometric basis for calculation. A salary and career trend of 2.5% per annum is calculated. The projected pension trend has accordingly been set at between 1.0% and 2.0% per annum, depending on the pension scheme involved. For active board members, a salary and career trend of 0.0 per cent is calculated. The age-dependent turnover has been considered at a rate of 1.2% (up to 50 years) to 4.3% (up to 30 years).

Another pension plan of the Bank involves a pension commitment as a complement to reinsurance, the amount of which is exclusively determined by the fair value of a life reinsurance plan (plan assets according to Section 246 (2) Sentence 2 of the German Commercial Code [HGB]); this pension commitment is therefore treated as a pension commitment linked to securities in the balance sheet. The corresponding reserve should therefore be recognised in the amount of the fair value of the plan assets (insofar as it exceeds a guaranteed minimum amount) and should be netted with the plan assets. It is calculated with a salary and pension trend of 2.0 per cent per annum. The difference not taken into account as being suspended for payment according to Section 253 (6) of the German Commercial Code (HGB) amounts to €23.5 (€0).

According to Section 253 (1) Sentence 4 of the German Commercial Code (HGB), the assets are assessed at fair value and came to €1.3 million (€1.1 million) as at 31 December 2020 at an amortised cost of €1.3 million (€1.1 million). This was determined based on the calculation basis of the contribution calculation within the meaning of Section 169 (3) of the German Insurance Contract Act (VVG).

Since the settlement amount of the obligation stemming from this commitment corresponds to the fair value of the plan assets, the obligation and the plan assets balance out to zero.

The interest paid from this commitment corresponds to the earnings from the associated reinsurance. The amount to be settled according to Section 246 (2) Sentence 2 of the German Commercial Code (HGB) amounted to €0.3 million (€0.3 million) as at 31 December 2020.

The reserve for early retirement obligations is set at cash value calculated using a maturity-linked discounting factor of future earnings. The 2018 G Heubeck Guideline Tables are used as a biometric accounting basis. The Bank reports income from the adjustment of parameters under the operating result.

The expenses from the compounding of reserves are included in the "Other operating results".

Derivatives

The reporting of derivative financial instruments occurs in off-balance-sheet accounts. There are no trading positions. In terms of derivative contracts, both banking institutions and the Bank's borrowers (customer derivatives) are possible counterparties. Accrued interest from interest and currency swaps is treated as deferred interest according to period and reported as claims or liabilities in the respective items.

Among other instruments, the Bank uses swaptions, forward rate agreements and occasional capital market futures to manage its interest-bearing operations at macro level. Paid option premiums are presented under the balance sheet heading 'Other assets' and received option premiums under 'Other liabilities' and are accrued on a time basis immediately following the termination of the option period in case of expiry or utilisation in respect of the term of the underlying transactions over prepaid expenses and deferred income. Paid and received non-recurring payments (upfront payments) and premiums for caps/floors/collars are entered in the balance sheet as deferred income and deferred on a pro-rata basis over their respective terms. The compensation payments due from forward rate agreements following the termination of the waiting period are recognised immediately in profit. The daily fluctuations in the market value of the capital market futures are offset by the payments of variation margins, which appear in the balance sheet as either 'Other assets' or 'Other liabilities'. The Bank does not hold any credit derivatives.

The market values of the derivatives are calculated on the basis of a tenor-specific swap yield

curve, taking into consideration counterparty risks; valuation techniques appropriate to the particular instrument are applied.

As part of the IBOR reform, the interest rates for cash collateral from euro-backed derivatives were changed from EONIA to €STR in 2020 (referred to as discounting switch). This changes the fair value of derivatives, provided that the discount rate is the interest rate valid for the interest rate on the cash collateral. At the time of the changes, the compensation payment received or to be paid according to IDW RH FAB 1.020 is recognised immediately in the net interest income.

Accounting Units

Within the context of economic hedging relationships, the Bank hedges debentures and other fixed-income securities, book claims, short-term liabilities, securitised liabilities and pending transactions (payment obligations relating to irrevocable loan commitments) against the risk of a change in interest rates. As accounting units pursuant to Section 254 German Commercial Code (HGB), underlying debentures and other fixed-income securities are designated at the level of the individual transactions with a total nominal holding value of €4.7 billion as at 31 December 2020 (€3.4 billion). Accounting units are only formed at the micro level, meaning that changes in values from the hedged risk are offset by the underlying transactions of the individual hedging instruments; the hedging relationships in questions are perfect hedging relationships. No ineffectiveness relevant to the accounting can arise on account of the correlation of all factors affecting value between the hedged portion of the underlying transaction and the portion of the hedging instrument to be hedged. As a result, the critical term match method is used to assess the effectiveness of the accounting units. Risks hedged by the accounting units amounted to €127.2 million as at the reporting date (€137.5 million). The Bank applies the net hedge presentation method. The changes in value attributed to the hedged risk are expected to be offset by the end of the designation or maturity of the transactions due to the correlation of factors affecting value between the hedged portion of the underlying transaction and the portion of the hedging instrument to be hedged. Changes in the value of underlying transactions and hedging instruments attributable to unsecured risks are not offset and recognised in accordance with general provisions. In addition, please refer to the statement of changes in derivatives.

Interest income and expenses from secured swap transactions are settled with the interest income and expenses of the respective secured item; thus the interest result from the entire hedging relationship is displayed in the corresponding item of the profit and loss account.

Loss-Free Evaluation of the Banking Book

Berlin Hyp conducts an audit of the loss-free evaluation of interest rate-related transactions on the banking book (interest book) on the basis of IDW RS BFA 3 new version As Berlin Hyp did not allocate any transactions to the trading book, the banking book includes all interest-bearing transactions, including derivative financial instruments. From a periodic (P&L-based) and static (cash value) point of view, two equivalent methods are currently available for determining the provision for contingent losses. The Bank applies the bar value method. The interest rate-related cash value are compared with the carrying amounts, taking into account the risk, inventory management and fictitious refinancing costs. There was no need to create provision for contingent losses according to Section 340a of the German Commercial Code (HGB).

Calculating Fair Values

In individual cases where prices for securities and claims were not available as at the balance

sheet date on the basis of active markets via external market suppliers, the market values for such financial instruments were determined on the basis of evaluation models. These are standard discounted cash flow procedures that consider issuer and asset class-specific interest curves and credit spreads.

Currency Conversion

The valuation of assets, debts and off-balance-sheet transactions in foreign currencies is undertaken on the basis of Section 256a German Commercial Code (HGB) in connection with Section 340h German Commercial Code (HGB). The conversion is carried out at the ECB reference prices provided on a daily basis by the Risk Controlling division of Landesbank Berlin AG, Berlin. Currency swaps used to hedge interest-bearing balance sheet items denominated in foreign currencies are converted at the split forward rate, with the swap rate being discounted over the term of the swap and recognised as interest income on a pro rate basis. Currency effects from currency conversion are reported net either in the item 'Other operating income' or 'Other operating expenditure'.

Explanations of the Profit and Loss Account and the Balance Sheet Condensed Profit and Loss Account

Net interest income

Net interest income in T€	2020	2019
Interest income from		
Mortgage loans	397,354	391,185
Public-sector loans	-601	-587
Other receivables	1,944	1,340
<i>less negative interest</i>	-10,327	-5,815
Fixed-income securities and book-entry securities	-5,942	-2,665
	382,429	383,458
Interest expenditure for		
Deposits and registered Pfandbriefe	1,184	5,538
<i>less positive interest</i>	-31,816	-18,109
Securitised liabilities	-24,081	-14,628
Subordinated liabilities	4,320	5,584
Other liabilities	119,672	95,367
	69,280	73,751
Net interest income	313,148	309,706

Net interest income increased by €3.4 million to €313.1 million compared to the previous year. Besides a higher average mortgage loan portfolio, the increase was due to favourable financing conditions achieved through participation in the targeted longer-term refinancing operations with the Deutsche Bundesbank (TLTRO-III).

Interest expenditure from 'Other liabilities' are a result of the negative interest result from macro-level management derivatives of €119.7 million (€95.4 million), which has risen significantly against the backdrop of the renewed lower level of interest rates in 2020.

This includes expenditures for close-outs to compensate for the prepayment fees received in interest income from mortgage loans.

The net interest income shows interest expenditure and interest income from derivatives entered in the balance sheet together with the interest expenditure and interest income from the respective secured balance sheet items.

Net interest and commission income and other operating income were predominantly generated in Germany.

Other operating expenditure

Other operating expenditure in T€	2020	2019
IT expenditure	18,927	15,142
Services by third parties	16,454	18,963
Bank levy	13,388	12,040
Building and premises costs	7,261	5,182
Group set-off	5,738	5,940
Business operating costs	3,123	3,696
Staff-related material costs	2,627	3,658
Advertising and marketing	1,566	2,221
Operating and business equipment	991	715
	70,076	67,558

Auditor's fees

KPMG AG Wirtschaftsprüfungsgesellschaft has audited the annual financial accounts of Berlin Hyp AG. The audit of a group reporting package was integrated into the audit. In addition, audits in accordance with Section 89 (1) of the WpHG (Securities Trading Act) and Section 16j of the FinDAG (Federal Financial Supervisory Authority Act), an audit in accordance with ISAE 3000 for the use of loans to collateralise Central Bank loans, an audit in accordance with ISAE 3000 in connection with the non-financial statement, agreed-upon investigative procedures in accordance with ISRS 4400 in connection with the bank levy, audits in accordance with Sections 45, 46 of the framework statutes for the Institutional Protection Scheme of the Sparkassen-Finanzgruppe, the issue of a comfort letter in accordance with IDW PS 910, as well as quality assurance in connection with an accounting-related and a regulatory issue were carried out.

The disclosures pursuant to Section 285 No. 17 German Commercial Code (HGB) are not undertaken with reference to the inclusion of the Bank in the consolidated annual accounts of Erwerbsgesellschaft der S-Finanzgruppe mbH & Co. KG. The auditor's fees incurred by Berlin Hyp AG are taken into account in the corresponding disclosure in the consolidated annual accounts.

Other Operating Result

The 'Other operating result', consisting of the items 'Other operating expenditures' and 'Other operating income', includes expenditures from additions to provisioning of €3.2 million (€2.1 million) in connection with strategic resource planning €2.9 million and for the deconstruction of the bank building (€0.3 million). In addition, 'Other operating income' includes income from the reversal of other provisions totalling €6.5 million (€7.6 million). Of this amount, €4.3 million is attributable to the reversal of the provision for legal risks relating to credit

processing fees, €1.0 million to the reversal of the provision for customer claims in the event of cancellation of loan agreements – and income from the foreign currency valuation of €0.4 million (€-0.4 million). Of the expenditure of €6.2 million (€6.9 million) from the compounding of provisions included in the Other operating expenditure, €5.0 million (€5.1 million) is attributable to the compounding of pension reserves, €1.2 million to the compounding of strategic resource planning reserves.

Depreciation and Valuation Adjustments on Claims and Specific Securities as well as Additions to Provisions Made for Lending

The balance shown results from the settlement of expenditure and income items shown in the profit and loss account items 'Depreciation and valuation adjustments on claims and specific securities as well as additions to provisions made for lending' and 'Income from attributions to claims and specific securities and the dissolution of reserves for lending'.

The balance of risk provisioning expenditure is comprised as follows:

In T€	2020	2019
Risk provisioning for lending business	81,404	7,489
Risk provisioning for securities business	-19,803	-9,667
	61,601	-2,178

Earnings with negative advance signs

Risk provisioning for the lending business developed as follows:

In T€	Counterparty default risk						Profit and loss relevant	
	Direct write-down	Ind. value adjustment	Lump-sum value adjustments – other RP	RST	Total	Total	2020	2019
	2020	2020	2020	2020	2020	2019	2020	2019
As at 1 January		83,530	128,626	7,291	219,447	207,359		
Net allocations and write-backs		-10,942	92,244	5,356	86,658	12,251	86,658	12,251
Utilisation		-2,748		0	-2,748	-536		
Direct write-downs	294						294	218
Receipts on written-off receivables and capital gains	-5,547						-5,547	-4,980
Foreign currency effects		-410	0	0	-410	373		
As at 31 December	-5,253	69,430	220,870	12,647	302,947	219,447	81,404	7,489

Earnings with negative advance signs

In connection with the coronavirus pandemic, a COVID-19 management adjustment of €25.6 million was included in the lump-sum value adjustment and €6.4 million in the reserves.

Services Performed for Third Parties

Services performed for third parties include, among other things, the preparation of property-specific expert opinions within the framework of real estate valuations.

Other Information

The net income for the year includes a balance of aperiodic income and expenses of €10.3 million (€9.3 million), which primarily includes income from the reversal of other reserves of €6.5 million (€7.6 million) - of which €5.3 million is attributable to the reversal of reserves for legal risks relating to loan processing fees - as

well as receipts on receivables written off in the previous year of €4.2 million (€2.3 million).

Balance Sheet

Securities with a nominal volume of €160.0 million (€210.0 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 €87.4 million (€87.9 million), amounts to €90.8 million (€90.8 million). Based on the credit ratings, the impairment was assessed as non-permanent and therefore no depreciation was made. This takes into account the valuation results from interest swaps which form a valuation unit with the securities. The Bank took into account latent default risks of the investment securities in the form of lump-sum value adjustments.

Negotiable securities and interests In T€

	Listed 31.12.2020	Listed 31.12.2019	Unlisted 31.12.2020	Unlisted 31.12.2019
Debentures and other fixed-interest securities	6,223,174	3,698,666	0	0

Security for the Bank's Own Liabilities

Within the European System of Central Banks (ESCB), securities with a nominal value of €8,381.5 million (€2,628.3 million) and loans of in the amount of €625.0 million (€0.0 million) were pledged as security to the Deutsche

Bundesbank. The volume of related open market transactions at the balance sheet date was €8,500.0 million (€1,500.0 million). As at the balance sheet date, no debentures were repaid (previous year: €906.5 million).

Schedules of Shares Held under Sections 285 Nos. 11 and 11a, 313 (2) German Commercial Code (HGB)

Company	Share of capital Total %	Voting rights %	Equity	Result	Financial statements deviating from 31.12.2020
Affiliated enterprises					
Berlin Hyp Immobilien GmbH, Berlin	100	100	185 T€	145 T€	31.12.2019
Participations					
OnSite ImmoAgent GmbH, Berlin	49.00	49.00	809 T€	-450 T€	31.12.2019
PropTech 1 Fund I GmbH & Co. KG, Berlin	13.57	13.57	10,970 T€	-506 T€	31.12.2019
BrickVest Ltd., London*	13.75	13.83	1,921 T€	-1,947 T€	31.12.2017
21st Real Estate GmbH, Berlin	5.35	5.35	3,658 T€	-3,312 T€	31.12.2019

* The company has been under British insolvency administration since 7 November 2019.

Intangible Investment Assets

This item only shows the software and licences used by the Bank as well as payments in advance in connection therewith.

Development of Fixed Assets**Statement of Changes in Assets**
in T€

	Acquisition/ manufacturing costs 1.1.2020	Additions 2020	Disposals 2020	Account transfers 2020	Acquisition/ manufacturing costs 31.12.2020	Cumulative Depreciations 1.1.2020	Attributions 2020	Depreciations 2020	Disposals 2020	Account transfers 2020	Cumulative Depreciations 31.12.2020	Residual book value 31.12.2020	Residual book value 31.12.2019
Intangible investment assets													
b) Concessions and licenses acquired commercially	51,528	3,830	596	17,209	71,971	41,976	0	6,194	595	0	47,574	24,396	9,552
d) Down-payments made	21,236	8,813	22	-17,209	12,818	11	0	0	11	0	0	12,818	21,225
Total intangible investment assets	72,763	12,644	619	0	84,789	41,987	0	6,194	606	0	47,575	37,214	30,777
Tangible assets													
a) Sites and buildings for own use	62,857	2,089	25,830	0	39,115	18,714	0	11,975	25,830	0	4,859	34,256	44,143
b) Operating and business equipment and installations under construction	15,655	6,571	3,818	0	18,408	10,486	0	2,924	3,283	0	10,127	8,281	5,169
Total tangible assets	78,512	8,659	29,648	0	57,523	29,200	0	14,899	29,113	0	14,986	42,537	49,312
Total intangible investment assets and tangible assets	151,276	21,303	30,267	0	142,312	71,187	0	21,093	29,719	0	62,561	79,751	80,089

	Book value 1.1.2020	Changes*	Book value 31.12.2020	Book value 31.12.2019
Bonds and debentures	205,792	-49,981	155,811	205,792
Investments	5,716	-2,520	3,196	5,716
Shares in affiliated enterprises	26	0	26	26

* Summary pursuant to Section 34 (3) RechKredV

Other assets

These figures largely contain claims from collateral in relation to derivatives amounting to €609.7 million (€396.9 million), paid option premiums of €5.9 million (€5.5 million), as well as unrealised gains from forward exchange deals with extra cover amounting to €6.4 million (€5.7 million).

Other Liabilities

These include, amongst other things, liabilities from collateral received in relation to derivatives amounting to €323.2 million (€360.9 million), received option premiums of €6.9 million (€8.3 million) as well as profits of €23.4 million (€61.0 million) transferable to Landesbank Berlin Holding AG, Berlin.

Other Reserves

in T€	31.12.2020	31.12.2019
Reserves for human resources	27,162	22,418
Reserves for litigation costs risks	1,735	2,572
Other	47,354	48,754
Total	76,251	73,744

Other reserves primarily include reserves for strategic resource planning of €28.6 million (€32.4 million) and reserves for the lending business of €12.6 million (€7.3 million).

The 10% of the loans and debentures surpassing the total stock was assumed under the following conditions:

Subordinated liabilities

Interest is paid on subordinate liabilities at the nominal rate of between 2.55% to 4.23% and is only to be reimbursed in the case of the Bank's bankruptcy or liquidation after satisfaction of all non-subordinate creditors. Early repayment is excluded. Repayments are scheduled for the years 2024 to 2034. Based on a stock of €227.5 million (€318.2 million), €186.1 million (€217.3 million) fulfil the requirements of the CRR for recognition as applicable equity capital.

Nominal amount T€	Interest rate p. a. %	Repayment on
99,500	4.12	04.03.2024
28,000	3.00	16.10.2034

2020 financial year, interest paid amounted to €4.3 million (€5.6 million).

Equity

The subscribed capital of €753.4 million is composed of 294,292,672 non-par value bearer shares with a rounded nominal value of €2.56.

The Board of Management, with the Supervisory Board's consent, is authorised to increase the company's subscribed capital by issuing new non-par value shares in return for contributions in cash once or several times, but only up to €205.8 million (authorised capital 2020), by 31 May 2025.

Classification by Remaining Maturity in T€	31.12.2020	31.12.2019
Assets		
Claims against banking institutions		
a) Due on demand	4,801	5,533
b) Less than three months	106,746	131,391
c) Between three months and one year	0	124,912
d) Between one year and five years	0	0
e) More than five years	0	0
Total	111,547	261,836
Claims against customers		
a) Less than three months	237,743	504,441
b) Between three months and one year	1,454,686	1,394,863
c) Between one year and five years	8,485,486	7,047,560
d) More than five years	14,204,945	13,456,414
Total	24,382,860	22,403,278
of which: claims with an indefinite term	0	679
Bonds and debentures		
- due in the following year	674,463	174,560
Liabilities		
Liabilities to banking institutions		
a) Due on demand	0	103,370
b) Less than three months	306,392	1,726,255
c) Between three months and one year	284,001	138,177
d) Between one year and five years	8,651,905	1,786,918
e) More than five years	215,436	271,828
Total	9,457,734	4,026,548
of which: non-preferred antecedent debt*	303,296	360,693
Liabilities to customers		
a) Due on demand	287,549	379,632
b) Less than three months	278,151	295,910
c) Between three months and one year	793,500	281,200
d) Between one year and five years	464,875	606,262
e) More than five years	2,652,411	2,761,616
Total	4,476,486	4,324,620
of which: non-preferred antecedent debt*	1,449,531	1,531,624
Securitised liabilities		
a) Less than three months	555,102	646,455
b) Between three months and one year	2,558,500	1,136,096
c) Between one year and five years	8,705,958	8,905,000
d) More than five years	5,261,220	5,465,000
Total	17,080,780	16,152,551
of which: non-preferred antecedent debt*	3,150,570	3,430,699
- due in the following year	3,113,602	1,782,551

* These are debt instruments as defined in Section 46 f (6) Sentence 1 Banking Act in the version dated 10 July 2018.

Claims from and Liabilities to Affiliated Enterprises and Related Companies

in T€

	31.12.2020	31.12.2019
Affiliated enterprises		
Claims against banking institutions	4,157	4,487
Claims against customers	32,239	0
Other assets	24	31
Liabilities to banking institutions	2	10,311
Liabilities to customers	528	580
Securitised liabilities	0	0
Other Liabilities	23,404	65,962
Subordinated liabilities	0	60,011

Deferred income

in T€

	31.12.2020	31.12.2019
Deferred income from issuing and lending operations includes:		
Discount from issuing and lending operations	34,960	44,218
Premium from issuing and lending operations	9,786	13,887
Other	57,720	77,409
	102,467	135,514
Prepaid expenses for issuing and lending operations include:		
Premium from issuing and lending operations	35,263	24,057
Loss from lending operations	364	593
Other	78,836	97,334
	114,462	121,984

Deferred income recognised under 'Other' includes accrued up-front payments and premium payments from caps, floors and collars of €46.3 million (€62.1 million), which resulted from the transfer of customer derivatives from Landesbank Berlin AG, Berlin, to Berlin Hyp

(portfolio transfer) in 2015. Prepaid expenses recognised under 'Other' particularly include accrued up-front payments and premium payments from hedging derivatives concluded that mirror the customer derivatives.

Foreign Currency Volumes

in T€

	31.12.2020	31.12.2019
Assets	206,433	335,655
Liabilities	212,283	461,564
Irrevocable loan commitments	0	0

Price risks are predominantly neutralised through fixed-term deposits, currency futures and currency swaps.

Information Pursuant to Section 285 German Commercial Code (HGB) Regarding Obligations Arising from Transactions and Financial Obligations Not Included in the Balance Sheet

Irrevocable lending commitments as part of real estate and capital market business amounted to €3,006.0 million (€2,958.7 million) as at the end of the year. Contingent liabilities consist of the assumption of guarantees for largely mortgage-backed loans of €184.0 million (€258.9 million). Identifiable risks have already been taken into account through reserves. With regard to credit ratings and collateralisation, no acute default risks in the contingent liabilities can be identified.

Berlin Hyp has concluded rental and leasing agreements for buildings used for banking operations as well as for the vehicle fleet and certain operating and business equipment. No significant risks with an impact on the assessment of the Bank's financial position

arise from these agreements. All contracts concluded by the Bank in this form are within the normal scope of business, even when taking into account the higher rental costs for interim offices in connection with the construction of the main building, both individually and in total.

Berlin Hyp is an affiliated member of the security reserve of the Landesbanken and central savings banks (Girozentralen) and therefore also a member of the guarantee system of the Sparkassen-Finanzgruppe, which is recognised under the German Deposit Protection Act (EinSG). Berlin Hyp's annual contributions are calculated according to the amount of its covered deposits. In the event of compensation or support being reported by a member institution, one-off or additional payments can be levied; however, the amount of the payments is also calculated according to the amount of Berlin Hyp's covered deposits and is therefore not currently foreseeable.

Derivatives as at 31.12.2019

Statement of changes in derivatives in € m	Nominal amount / Remaining term			Total nominal value	Total negative values	Total positive values	Total negative book values (liabilities)	Balance sheet items (liabilities)	Total positive book values (assets)	Balance sheet items (assets)
	up to 1 year	1 to 5 years	over 5 years							
Interest-related transactions										
Interest rate swaps of which in valuation units	2,642 246	16,733 1,344	19,973 3,064	39,348 4,654	-1,181 -212	1,234 3	-62 0	P6	56 0	A15
Swaptions	1,200	500	200	1,900	-3	3	-7	P5	6	A14
Securities futures	30	0	0	30	-53	0	0		0	
Caps	242	1,985	181	2,408	-1	0	-4	P6	2	A15
Floors	1,000	3,892	177	5,069	-14	1	-5	P6	0	A15
	5,114	23,110	20,531	48,755	-1,252	1,238	-78		64	
Currency-related transactions										
Currency futures	168	0	0	168	-3	0	-3	A14	0	A14
Interest and currency swaps	47	67	116	230	0	10	0	A14	10	A14
	215	67	116	398	-3	10	-3		10	
Total	5,329	23,177	20,647	49,153	-1,255	1,248	-81		74	

Derivatives as at 31.12.2019

Statement of changes in derivatives in € m	Nominal amount / Remaining term			Total nominal value	Total negative values	Total positive values	Total negative book values (liabilities)	Balance sheet items (liabilities)	Total positive book values (assets)	Balance sheet items (assets)
	up to 1 year	1 to 5 years	over 5 years							
Interest-related transactions										
Interest rate swaps of which in valuation units	3,705 86	23,958 1,328	24,177 2,051	51,840 3,465	-1,120 -168	1,323 8	-79 0	P6	74 0	A15
Swaptions	1,275	1,500	0	2,775	-10	8	-8	P5	5	A14
Caps	491	1,577	150	2,218	-1	1	-4	P6	3	A15
Floors	1,000	4,123	627	5,750	-7	1	-4	P6	1	A15
	6,471	31,158	24,954	62,583	-1,138	1,333	-95		83	
Currency-related transactions										
Currency futures	495	0	0	495	-5	0	-5	A14	0	A14
Interest and currency swaps	0	199	0	199	0	11	0		11	
	495	199	0	694	-5	11	-5		11	
Total	6,966	31,357	24,954	63,277	-1,143	1,344	-100		94	

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 31 December 2020 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.

Number of Staff

Annual average	Male	Female	2020 Total	2019 Total
Full-time employees	274	177	451	450
Part-time employees	23	121	144	144
School-leaver trainees / BA students	4	1	5	7
Total	301	299	600	601

Group Affiliation

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

Information on a Reported Holding (Section 160 (1) No. 8 German Stock Corporation Act (AktG))

In a letter dated 7 January 2015, Landesbank Berlin Holding AG, Berlin, announced that it directly holds all shares in Berlin Hyp AG – fol-

lowing the transfer of Berlin Hyp from Landesbank Berlin AG to Landesbank Berlin Holding AG as at 31 December 2014/1 January 2015. Its share in the voting rights of the Bank's subscribed capital therefore amounted to 100.00% as at the balance sheet date.

Letter of Comfort of Landesbank Berlin AG

The letter of comfort issued by Landesbank Berlin AG in favour of Berlin Hyp ended as at 31 December 2014. The guarantee remains in force for the obligation entered into until 31 December 2014.

Organs of Berlin Hyp

Board of Management

Sascha Klaus

Chair of the Board of Management

Gero Bergmann

Chief Market Officer (until 31 December 2020)

Alexander Stuwe

Chief Financial Officer (since 1 July 2020)

Chief Representatives

Alexander Stuwe, Chief Representative

Mr Stuwe was Chief Representative until his appointment to the Board of Management came into effect on 1 July 2020.

Supervisory Board

Helmut Schleweis

- President of the Deutscher Sparkassen- und Giroverband e.V. (German Savings Banks and Giro Association)
- Chair

Jana Pabst

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

Joachim Fechteler

- Bank employee (until 31 December 2019)
- Employee representative

Bernd Fröhlich

- Chairman of the Board of Management of Sparkasse Mainfranken Würzburg

Gerhard Grandke

- Managing President of the Sparkassen- und Giroverband Hessen-Thüringen

Artur Grzesiek (until 27 May 2020)

- Former Chairman of the Board of Management of Sparkasse KölnBonn

Dr. Harald Langenfeld

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

Thomas Mang

- President of the Sparkassenverband Niedersachsen (Savings Banks Association of Lower Saxony)

Thomas Meister

- Bank employee
- Employee representative
- Chair of the Works Council of Berlin Hyp AG

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 the Deutscher Landkreistag (German County Councils)
- County Council Chairman of East Holstein District

Andrea Schlenzig

- Bank employee
- Employee representative

Peter Schneider

- President of the Sparkassenverband Baden-Württemberg

Walter Strohmaier

- Chairman of the Board of Management of Sparkasse Niederbayern-Mitte
- Bundesobmann of the German Saving Banks

Ulrich Voigt (since 27 May 2020)

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

René Wulff

- Bank employee (until 31 August 2019)
- Employee representative

Loans to Members of the Bodies

As in the previous year, there were no loans receivable from members of bodies.

Benefits of the Board Members**Remuneration for the Board of Management**

Disclosures on total remuneration (in €T)	2020 Total	2019 Total
Board of Management	1,347	3,794
of which expended or deferred in the financial year for pension liabilities	-307*	1,790
Former members of the Board of Management and their surviving dependants	3,121	2,817
Cash value of pension liabilities for former members of the Board of Management and their surviving dependants (in €T)	42,550	37,525
of which is reserved	42,550	37,525

* The negative value in the 2020 financial year is based on personnel changes in the Board of Management and the corresponding adjustment of the reserve for pension liabilities.

Remuneration for the Supervisory Board

The remuneration payable to the members of the Supervisory Board for the 2020 financial year, including committee activity, amounts to T€369 (T€370), including VAT.

Major Mandates of the Board of Management Members**Sascha Klaus**

- Member of the Board of Management of Landesbank Berlin Holding AG, Berlin
- Member of the Board of Management of vdp - Verband Deutscher Pfandbriefbanken e.V.

Gero Bergmann (until 31 December 2020)

- No mandates requiring disclosure

Alexander Stuwe (since 1 July 2020)

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

No legal representatives or employees had mandates in statutory supervisory boards of large corporations (with the exception of employees' representatives in Berlin Hyp's Supervisory Board) in the 2020 financial year.

Statement of Cover Assets	31.12.2020	31.12.2019
in € m		
A. Mortgage Pfandbriefe		
Ordinary cover		
1. Claims against banking institutions		
Mortgage loans	0.0	0.0
2. Claims against customers		
Mortgage loans	14,468.2	13,578.7
3. Tangible assets (land charges on Bank-owned real estate)	0.0	0.0
Total	14,468.2	13,578.7
Additional cover		
1. Other claims against banking institutions	655.0	125.0
2. Debentures and other fixed-interest securities	73.0	536.5
Total	728.0	661.5
Total cover	15,196.2	14,240.2
Total mortgage Pfandbriefe requiring cover	14,838.7	13,784.5
Excess cover	357.5	455.7
B. Public Pfandbriefe		
Ordinary cover		
1. Claims against banking institutions		
a) Mortgage loans	0.0	0.0
b) Public-sector loans	0.0	0.0
2. Claims against customers		
a) Mortgage loans	14.5	16.8
b) Public-sector loans	251.8	408.0
3. Debentures and other fixed-interest securities	9.0	15.0
Total	275.3	439.8
Additional cover		
1. Other claims against banking institutions	0.0	0.0
2. Debentures and other fixed-interest securities	0.0	26.5
Total	0.0	26.5
Total cover	275.3	466.3
Total public Pfandbriefe requiring cover	260.0	452.0
Excess cover	15.2	14.3

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

Section 28 (1) Nos. 1 to 3 of the PfandBG

Amounts in € m

a) Mortgage Pfandbriefe Outstanding and Cover Used

	Nominal		Present value		Risk-adjusted present value*	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Mortgage Pfandbriefe	14,838.7	13,784.5	16,097.7	14,803.7	17,045.5	15,667.3
of which: derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Cover funds	15,196.2	14,240.2	16,713.9	15,576.2	17,475.3	16,278.9
of which: derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Excess cover	357.5	455.7	616.1	772.5	429.8	611.7
Surplus cover pursuant to vdp differentiation model	357.5	455.7	616.1	772.5	-	-

* For the calculation of the stress scenarios, the static amount reported is taken for currencies and the dynamic amount reported is taken for interest.

On a) Maturity Structure (Remaining Term)

	Mortgage Pfandbriefe		Cover funds	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Up to 6 months	564.5	275.5	1,263.1	705.6
Between 6 and 12 months	1,995.8	947.0	533.8	680.6
Between 12 and 18 months	565.0	564.0	581.1	452.1
Between 18 months and 2 years	1,549.7	2,005.0	687.7	506.9
Between 2 and 3 years	2,088.3	2,391.0	1,773.7	1,392.3
Between 3 and 4 years	1,673.0	2,091.0	2,067.4	1,889.6
Between 4 and 5 years	2,191.0	1,673.0	1,156.0	1,930.8
Between 5 and 10 years	3,485.0	2,982.0	6,574.6	5,990.8
Longer than 10 years	726.4	855.9	558.8	691.4

b) Public Pfandbriefe Outstanding and Cover Used

	Nominal		Present value		Risk-adjusted present value*	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Public Pfandbriefe	260.0	452.0	339.4	543.1	320.8	521.5
of which: derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Cover funds	275.3	466.3	426.5	668.6	383.7	608.7
of which: derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Excess cover	15.2	14.3	87.1	125.5	62.9	87.3
Surplus cover pursuant to vdp differentiation model	15.2	14.3	87.1	125.5	-	-

* For the calculation of the stress scenarios, the static amount reported is taken for currencies and the dynamic amount reported is taken for interest.

**On b) Maturity Structure
(Remaining Term)**

	Public Pfandbriefe		Cover funds	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Up to 6 months	25.0	190.0	2.3	10.0
Between 6 and 12 months	25.0	0.0	1.1	0.5
Between 12 and 18 months	10.0	25.0	0.4	2.3
Between 18 months and 2 years	0.0	25.0	0.3	9.1
Between 2 and 3 years	9.0	10.0	0.7	0.7
Between 3 and 4 years	10.0	9.0	0.8	61.2
Between 4 and 5 years	35.0	10.0	3.6	0.8
Between 5 and 4 years	96.0	133.0	106.9	186.6
Longer than 10 years	50.0	50.0	159.1	195.2

Section 28 (1) Nos. 4 to 11 German Pfandbrief Act (PfandBG)

**Section 28 (1) Nos. 4 to 6 Pfandbrief Act (PfandBG) (Mortgage Pfandbriefe)
Additional Cover for Mortgage Pfandbriefe**

**Section 28 (1) No. 4 of the PfandBG
(Mortgage Pfandbriefe)**

Equalisation claims pursuant to Section 19 (1)
No. 1 German Pfandbrief Act (PfandBG)

	31.12.2020	31.12.2019
Total	0.0	0.0

**Section 28 (1) No. 5
of the PfandBG (Mort-
gage Pfandbriefe)**

Receivables as defined in Section 19
(1) No.2 PfandBG

Of which covered debentures as defined
under Article 129 Regulation (EU)
No. 575/2013

	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Germany	679.0	256.0	0.0	60.0
Finland	0.0	10.0	0.0	0.0
Canada	49.0	117.0	0.0	88.0
Norway	0.0	15.0	0.0	0.0
Sweden	0.0	16.5	0.0	16.5
Total	728.0	414.5	0.0	164.5

**Section 28 (1) No. 6 of the PfandBG
(Mortgage Pfandbriefe)**

Receivables as defined in Section 19
(1) No. 3 PfandBG

	31.12.2020	31.12.2019
Germany	0.0	193.0
Austria	0.0	30.0
Poland	0.0	24.0
Total	0.0	247.0

**Section 28 (1) Nos. 4 to 6 of the PfandBG
(Mortgage Pfandbriefe)**

Total amount of the additional
cover for Mortgage Pfandbriefe

	31.12.2020	31.12.2019
Total	728.0	661.5

Amounts in € m

**Section 28 (1) Nos. 4 and 5 PfandBG (regarding public Pfandbriefe)
Additional Cover for Public Pfandbriefe**
**Section 28 (1) No. 4 PfandBG
(Public Pfandbriefe)**

	Equalisation claims pursuant to Section 20 (2) No. 1 PfandBG	
	31.12.2020	31.12.2019
Total	0.0	0.0

**Section 28 (1) No. 5
PfandBG
(Public Pfandbriefe)**

	Claims as defined in Section 20 (2) No. 2 PfandBG		Of which covered debentures as defined under Article 129 Regulation (EU) No. 575/2013	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Germany	0.0	8.0	0.0	0.0
Denmark	0.0	2.5	0.0	0.0
Canada	0.0	16.0	0.0	0.0
Total	0.0	26.5	0.0	0.0

**Section 28 (1) Nos. 4 and 5 PfandBG
(Public Pfandbriefe)**

	Total amount Additional cover for public Pfandbriefe	
	31.12.2020	31.12.2019
Total	0.0	26.5

**Section 28 (1) Nos. 7 to 11 PfandBG
Other Disclosures on the Cover Funds
and on the Pfandbriefe Outstanding**
**Section 28 (1) No. 7 PfandBG
(Mortgage Pfandbriefe)**

	Total claims exceeding the threshold defined under Section 13 (1) PfandBG	
	31.12.2020	31.12.2019
Total	0.0	0.0

**Section 28 (1) No. 8 PfandBG
(regarding mortgage Pfandbriefe)**

	Total claims exceeding the percentages pursuant to Section 19 (1) No. 2 PfandBG	
	31.12.2020	31.12.2019
Total	0.0	0.0

**Section 28 (1) No. 8 PfandBG
(regarding mortgage Pfandbriefe)**

Total claims exceeding
the percentages pursuant to
Section 19 (1) No. 3 PfandBG

	31.12.2020	31.12.2019
Total	0.0	0.0

**Section 28 (1)
No. 9 PfandBG
(regarding mortgage
Pfandbriefe)**

Percentage share of
fixed-interest cover funds in terms of
cover assets

Percentage share of fixed-interest
Pfandbriefe in terms of liabilities to be
covered

	31.12.2020	31.12.2019	31.12.2020	31.12.2019
In %	73.4	69.3	80.4	85.3

**Section 28 (1) No. 10 PfandBG
(regarding mortgage Pfandbriefe)**

Net cash value pursuant to Section
6 of the Pfandbrief Net Cash Value
Regulations for each foreign currency

	31.12.2020	31.12.2019
CHF	39.9	39.2
GBP	104.5	207.0

**Section 28 (1)
No. 11 PfandBG**

For mortgage cover: volume-weighted
average of the elapsed term since
lending

	31.12.2020	31.12.2019
In years	3.8	4.0

**Section 28 (1) No. 8 PfandBG
(regarding public Pfandbriefe)**

Total claims
exceeding the percentages pursuant
to Section 20 (2) No. 2 PfandBG

	31.12.2020	31.12.2019
Total	0.0	0.0

**Section 28 (1)
No. 9 PfandBG
(regarding public
Pfandbriefe)**

Percentage share of
fixed-interest cover funds in terms
of cover assets

Percentage share of
fixed-interest Pfandbriefe
in terms of liabilities to be covered

	31.12.2020	31.12.2019	31.12.2020	31.12.2019
In %	100.0	100.0	100.0	100.0

Amounts in € m

**Section 28 (1) No. 10 PfandBG
(regarding public Pfandbriefe)**Net present value pursuant to Section 6
Pfandbrief Net Present Value Regulations for
each foreign currency

	31.12.2020	31.12.2019
---	0.0	0.0

Section 28 (2) Nos. 1 to 3 German Pfandbrief Act (PfandBG)**Section 28 (2) No. 1 a German Pfandbrief Act (PfandBG)
Claims Used as Cover for Mortgage Pfandbriefe Classified
According to Size ***

Cover Mortgages	31.12.2020	31.12.2019
Up to and including € 300,000	33.5	42.9
From € 300,000 up to and including € 1 million	98.9	109.7
From € 1 million up to and including € 10 million	2,427.1	2,463.5
More than € 10 million	11,908.8	10,962.6
Total	14,468.2	13,578.7

**Section 28 (2) No. 1 b and c German Pfandbrief Act (PfandBG)
Claims Used as Cover for Mortgage Pfandbriefe Classified
According to Areas in which the Mortgaged Property is
Allocated and Type of Use*****Cover Figures - overall**

	31.12.2020		31.12.2019	
	Commercial	Residential	Commercial	Residential
Flats		19.1		18.4
Single- and two-family houses		88.3		89.4
Residential buildings for several families		4,435.3		4,096.9
Office buildings	5,452.4		4,921.5	
Retail buildings	2,982.6		2,905.4	
Industrial buildings	134.8		123.6	
Other commercially used buildings	1,252.6		1,281.6	
Unfinished, as yet unprofitable new buildings	96.6	0.0	108.6	0.0
Building sites	2.2	4.3	27.0	6.4
Total	9,921.2	4,547.0	9,367.7	4,211.1

* Without further cover pursuant to Section 19 (1) PfandBG.

Belgium

	31.12.2020		31.12.2019	
	Commercial	Residential	Commercial	Residential
Flats		0.0		0.0
Single- and two-family houses		0.0		0.0
Residential buildings for several families		0.0		0.0
Office buildings	137.1		152.6	
Retail buildings	0.0		0.0	
Industrial buildings	0.0		0.0	
Other commercially used buildings	0.0		0.0	
Unfinished, as yet unprofitable new buildings	0.0	0.0	0.0	0.0
Building sites	0.0	0.0	0.0	0.0
Total	137.1	0.0	152.6	0.0

Federal Republic of Germany

	31.12.2020		31.12.2019	
	Commercial	Residential	Commercial	Residential
Flats		18.9		18.1
Single- and two-family houses		10.6		11.8
Residential buildings for several families		4,170.8		3,896.0
Office buildings	2,661.3		2,276.3	
Retail buildings	1,812.2		1,836.4	
Industrial buildings	105.9		94.7	
Other commercially used buildings	925.2		954.5	
Unfinished, as yet unprofitable new buildings	96.6	0.0	108.6	0.0
Building sites	2.2	4.3	27.0	6.4
Total	5,603.3	4,204.6	5,297.4	3,932.3

France

	31.12.2020		31.12.2019	
	Commercial	Residential	Commercial	Residential
Flats		0.0		0.0
Single- and two-family houses		0.0		0.0
Residential buildings for several families		0.0		0.0
Office buildings	918.1		818.8	
Retail buildings	361.6		295.6	
Industrial buildings	0.0		0.0	
Other commercially used buildings	53.4		54.5	
Unfinished, as yet unprofitable new buildings	0.0	0.0	0.0	0.0
Building sites	0.0	0.0	0.0	0.0
Total	1,333.1	0.0	1,168.9	0.0

* Without further cover pursuant to Section 19 (1) PfandBG

Amounts in € m

Great Britain

	31.12.2020		31.12.2019	
	Commercial	Residential	Commercial	Residential
Flats		0.0		0.0
Single- and two-family houses		0.0		0.0
Residential buildings for several families		0.0		0.0
Office buildings	68.9		166.1	
Retail buildings	31.4		33.1	
Industrial buildings	0.0		0.0	
Other commercially used buildings	0.0		0.0	
Unfinished, as yet unprofitable new buildings	0.0	0.0	0.0	0.0
Building sites	0.0	0.0	0.0	0.0
Total	100.3	0.0	199.2	0.0

The Netherlands

	31.12.2020		31.12.2019	
	Commercial	Residential	Commercial	Residential
Flats		0.2		0.2
Single- and two-family houses		77.7		77.7
Residential buildings for several families		264.5		200.9
Office buildings	1,023.4		909.6	
Retail buildings	430.0		361.9	
Industrial buildings	28.9		28.9	
Other commercially used buildings	207.0		205.5	
Unfinished, as yet unprofitable new buildings	0.0	0.0	0.0	0.0
Building sites	0.0	0.0	0.0	0.0
Total	1,689.3	342.4	1,506.0	278.8

Poland

	31.12.2020		31.12.2019	
	Commercial	Residential	Commercial	Residential
Flats		0.0		0.0
Single- and two-family houses		0.0		0.0
Residential buildings for several families		0.0		0.0
Office buildings	467.8		422.4	
Retail buildings	260.6		291.0	
Industrial buildings	0.0		0.0	
Other commercially used buildings	67.1		67.1	
Unfinished, as yet unprofitable new buildings	0.0	0.0	0.0	0.0
Building sites	0.0	0.0	0.0	0.0
Total	795.4	0.0	780.5	0.0

Amounts in € m

Czech Republic

	31.12.2020		31.12.2019	
	Commercial	Residential	Commercial	Residential
Flats		0.0		0.0
Single- and two-family houses		0.0		0.0
Residential buildings for several families		0.0		0.0
Office buildings	175.7		175.7	
Retail buildings	87.0		87.3	
Industrial buildings	0.0		0.0	
Other commercially used buildings	0.0		0.0	
Unfinished, as yet unprofitable new buildings	0.0	0.0	0.0	0.0
Building sites	0.0	0.0	0.0	0.0
Total	262.7	0.0	263.0	0.0

**Section 28 (2) No. 2 German Pfandbrief Act (PfandBG)
Payments in Arrears on Receivables Used as Cover for
Mortgage Pfandbriefe**

	Total amount of payments in arrears for at least 90 days		Total claims, where the respective arrears amount to at least 5 % of the claim	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Germany	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

**Section 28 (2) No. 3 PfandBG
Average weighted loan-to-value ratio**

	Amounts in %	
	31.12.2020	31.12.2019
Average weighted loan-to-value ratio (based on the respective loan values)	56.2	56.0

Section 28 (3) Nos. 1 to 3 PfandBG

**Section 28 (3) No. 1 PfandBG
Claims Used as Cover for Public Pfandbriefe
Classified According to Size ***

Cover	31.12.2020	31.12.2019
Up to and including € 10 million	11.1	2.2
From € 10 million up to and including € 100 million	264.2	336.5
More than € 100 million	0.0	101.1
Total	275.3	439.8

Amounts in € m

Section 28 (3) No. 2 PfandBG
Claims Used as Collateral for Public Pfand-
briefe Classified According to Country and
Type of Debtor or Guarantor*

Total Cover	31.12.2020		31.12.2019	
	Direct receivables	Warranties	Direct receivables	Warranties
Central government	59.0	0.0	65.0	0.0
Regional authorities	201.1	14.9	357.3	17.3
Local authorities	0.0	0.3	0.0	0.3
Other	0.0	0.0	0.0	0.0
Total (direct claims and warranties)	275.3		439.8	
Warranties included in this amount for reasons of export promotion	0.0		0.0	

Federal Republic of Germany	31.12.2020		31.12.2019	
	Direct receivables	Warranties	Direct receivables	Warranties
Central government	0.0	0.0	0.0	0.0
Regional authorities	201.1	14.9	357.3	17.3
Local authorities	0.0	0.3	0.0	0.3
Other	0.0	0.0	0.0	0.0
Total (direct claims and warranties)	216.3		374.9	
Warranties included in this amount for reasons of export promotion	0.0		0.0	

Austria	31.12.2020		31.12.2019	
	Direct receivables	Warranties	Direct receivables	Warranties
Federal government	59.0	0.0	65.0	0.0
Regional authorities	0.0	0.0	0.0	0.0
Local authorities	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Total (direct claims and warranties)	59.0		65.0	
Included herein: warranties for reasons of export promotion	0.0		0.0	

* Without further cover pursuant to Section 20 (2) German Pfandbrief Act (PfandBG).

Section 28 (3) No. 3 PfandBG
Payments in Arrears on Claims Used as
Cover for Public Pfandbriefe

Amounts in € m	Total amount of payments in arrears for at least 90 days		Total claims, where the respective arrears amount to at least 5 % of the receivable	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Central government	0.0	0.0	0.0	0.0
Regional authorities	0.0	0.0	0.0	0.0
Local authorities	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

Section 28 (2) No. 4 PfandBG

Section 28 (2) No. 4 a to c German Pfandbrief Act
(PfandBG) Information on Foreclosures and Adminis-
trative Receivership Proceedings, Overdue Interest and
Repayments of Mortgage Loans

Number	31.12.2020		31.12.2019	
	Commercial	Residential	Commercial	Residential
No. 4a Pending foreclosures	1	0	2	1
Pending administrative receiverships	1	0	1	0
Of which included in the pending foreclosures	1	0	1	0
Foreclosures carried out	0	0	0	0
No. 4b Cases in which property has been seized to prevent losses	0	0	0	0

Amounts in € m	31.12.2020		31.12.2019	
	Commercial	Residential	Commercial	Residential
No. 4c Total interest on arrears	0,0	0,0	0,0	0,0

Berlin, 23 February 2021



Sascha Klaus



Alexander Stuwe

Independent Auditor's Report

To Berlin Hyp AG, Berlin

Report on the Audit of the Annual Financial Statements and of the Management Report

Opinions

We have audited the annual financial statements of Berlin Hyp AG, Berlin, which comprise the balance sheet as at 31 December 2020, the statement of profit and loss, the statement of cash flows and the statement of changes in equity for the financial year from January 1 to December 31, 2020, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Berlin Hyp AG, Berlin, for the financial year from January 1 to December 31 2020.

In accordance with the German legal requirements, we have not audited the content of those components of the management report specified in the appendix to the independent auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to financial institutions and give a true and fair view of the assets, liabilities and financial position of the Company as of December 31, 2020 and of its financial performance for the financial year from January 1 to December 31, 2020, in accordance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion regarding the management report does not extend to the substance of the elements of the management report mentioned in the appendix to the independent auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and EU Audit Regulation No. 537/2014 (referred to subsequently as 'EU Audit Regulation') and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1 to December 31, 2020. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Adequacy of specific valuation allowances formed for claims against customers in commercial real estate financing.

Please refer to the section "Accounting policies" in the notes to the financial statements for information on the accounting policies of Berlin Hyp AG.

THE FINANCIAL STATEMENT RISK

Under claims against customers, the Company records, among other things, mortgage loans in the amount of EUR 23.9 billion, which relate to commercial real estate financing and which constitute the focus of the Company's lending activities.

Determining the amount of specific valuation allowances for commercial real estate financing requires judgements and estimates of expected amounts and dates of borrower payments and/or the use of loan collateral provided. The cash flows are estimated taking into account the expected development of key value-determining assumptions and parameters. These include, in particular, the future development of rental income from the financed properties as well as the expected recoverable value of the collateral. These estimates are subject to considerable uncertainty, which can be amplified by the effects of the COVID-19 pandemic.

Inaccurate assumptions regarding the amounts and dates of borrower payments or the use of the loan collateral provided result in the claims being inaccurately measured and thus the counterparty default risks not being adequately taken into account. In this context, it was of particular significance with respect to our audit that specific valuation allowances were recognized in the necessary and sufficient amount and that appropriate assumptions were made when determining specific valuation allowances with regard to the borrowers' capacity to repay principal and interest and regarding the amount of revenue generated from the use of loan collateral.

OUR AUDIT APPROACH

Based on our risk assessment and evaluation of the risks of material misstatement, we used both control-based and substantive audit procedures for our audit opinion.

In a first step, we gained a better understanding of the performance of the loan portfolio

and the related counterparty default risks.

To identify particular risk characteristics, we conducted an IT-based analysis of the entire loan portfolio according to the various product types and with respect to the presence of early warning indicators pointing to increased default risk.

Within the scope of control-based audit procedures, we conducted surveys, gained insight into the procedural and process documentation and assessed the design, implementation and effectiveness of relevant controls established by Berlin Hyp AG to ensure the adequacy of specific valuation allowances for commercial real estate financing. With the involvement of our IT experts, we verified the effectiveness of the general IT controls as well as automated process controls for the IT systems deployed.

We audited a representative sample of commercial real estate financing to determine whether the ratings and collateral values were appropriately recorded in the financial reporting system.

We examined the appropriateness of the calculated specific valuation allowances for commercial real estate financing using deliberate sampling of individual exposures from the perspective of materiality and risk. In this regard, we evaluated especially the estimates of expected cash flows from the borrower's debt servicing capacity as well as the anticipated attainable collateral values, in particular with regard to appropriate consideration of the future development of the respective real estate markets, especially the rent of the financed properties as well as the anticipated attainable collateral values, also taking the effects of the COVID-19 pandemic into account.

OUR OBSERVATIONS

The underlying approach for the determination of specific valuation allowances formed for claims against customers in commercial real estate financing is appropriate and in line with the accounting policies. The Bank has made appropriate assumptions regarding borrowers' capacity to repay principal and interest and the amount of cash flows from the use of collateral.

Other Information

Management is responsible for the other information. The other information comprises the components of the management report specified in the appendix to the independent auditor's report, whose content was not audited.

Other information also includes the annual report that is expected to be made available to us after the date of this independent auditor's report.

The other information does not include the annual financial statements, the management report information audited for content and our auditor's report thereon.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the Management Report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to financial institutions, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, management is responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going

concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for preparing a management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and

whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the audit of the electronic reproduction of the annual financial statements and of the management report in accordance with Section 317(3b) HGB created for disclosure purposes.

We have performed assurance work in accordance with Section 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the file that can be downloaded by the issuer from the electronic client portal with access protection, "2021_02_22_berlinhyp_187081.zip" (SHA256-Hashwert: 22378865f089a2b79fd19b810df9dd8b0a0ffbd03e4b33da91cf44c0a12b280) and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In compliance with the German legal requirements, this assurance covers only the conversion of the information in the annual financial statements and the management report into the ESEF format and therefore neither the information contained in these reproductions nor other information contained in the above- mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this opinion and our opinions on the accompanying annual financial statements and the management report for the financial year from January 1 to December 31, 2020, contained in the preceding "Report on the audit of the annual financial statements and the management report", we do not issue any opinion whatsoever on the information contained in these reproductions or on the other information contained in the above-mentioned file.

We conducted our assurance work of the reproduction of the annual financial statements and the management report contained in the above-mentioned attached electronic file in accordance with Section 317 (3b) HGB and the Exposure Draft of the IDW Assurance Standard: Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of

Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Accordingly, our responsibilities are further described below. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for creating the ESEF documents with the electronic reproductions of the annual financial statements and the management report pursuant to Section 328(1) sentence 4 item 1 HGB.

The Company's management is also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited annual financial statements and audited management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.

→ Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited annual financial statements and the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor at the annual general meeting on May 27, 2020. We were engaged by the Chairperson of the Supervisory Board on October 15, 2020. We have been the auditor of Berlin Hyp AG, Berlin, without interruption since financial year 2016.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Rainer Thiede.

Berlin, February 24, 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

gez. Thiede	gez. Ginzinger
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

