A company of LBBW

Berlin Hyp

Focus on the Future

Interim Financial Report as at 30 June 2023

Condensed Interim Financial Statements

Finanzgruppe

A partnership built on trust

Condensed Balance Sheet

as at 30 June 2023

Assets	30.06.2023 €m	31.12.2022 €m
Cash reserves	**43.8**	**26.7**
Claims against banking institutions	**404.8**	**211.2**
Mortgage loans	0.0	0.0
Public-sector loans	0.0	0.0
Other claims	404.8	211.2
Claims against customers	**29,489.6**	**28.002.9**
Mortgage loans	28,947.8	27,503.4
Public-sector loans	415.2	419.5
Other claims	126.6	80.0
Debentures	**5,639.4**	**5,554.0**
Participations	**5.0**	**4.8**
Shares in affiliated enterprises	**0.0**	**0.0**
Intangible investment assets	**56.3**	**53.7**
Tangible assets	**76.8**	**62.2**
Other assets	**362.7**	**398.1**
Deferred income	**122.2**	**98.3**
Total assets	**36,200.6**	**34,411.9**

Liabilities	30.06.2023 €m	31.12.2022 €m
Liabilities to banking institutions	**3,046.9**	**4,839.5**
Registered mortgage Pfandbriefe	180.4	249.4
Registered public Pfandbriefe	15.5	24.8
Other liabilities	2.851.0	4.565.3
Liabilities to customers	**6,702.5**	**4,676.6**
Registered mortgage Pfandbriefe	1,605.0	1,391.9
Registered public Pfandbriefe	178.7	181.5
Other liabilities	4,918.8	3,103.2
Securitised liabilities	**23,577.0**	**22,087.2**
Mortgage Pfandbriefe	15,758.0	14,462.1
Public Pfandbriefe	0.0	0.0
Other debentures	7,819.0	7,625.1
Other liabilities	**430.6**	**381.1**
Deferred income	**147.3**	**138.0**
Reserves	**317.0**	**329.7**
Subordinated liabilities	**230.8**	**232.9**
Fund for general banking risks	**775.0**	**750.0**
Equity	**973.5**	**976.9**
of which balance sheet profit	37.6	41.0
Total liabilities	**36,200.6**	**34,411.9**

Contingent liabilities		
Liabilities from guarantees and warranty contracts	329.5	321.1
Other obligations		
Irrevocable loan commitments	2,396.3	3,331.2

Condensed Profit and Loss Account

from 1 January to 30 June 2023

	01.01.2023 – 30.06.2023 €m	01.01.2022 – 30.06.2022 €m	Change €m	Change %
Interest expenditure	**288.3**	19.6	268.7	> 100.0
Commission expenditure	**7.3**	7.1	0.2	2.8
General operating expenditure	**91.5**	111.8	–20.3	–18.2
Amortisation on and depreciation of and valuation adjustments on intangible investment assets and tangible assets	**6.4**	4.9	1.5	30.6
Other operating expenditure	**2.4**	13.2	–10.8	–81.8
Depreciation and valuation adjustments on claims and specific securities as well as additions to provisions made for lending	**49.6**	61.4	–11.8	–19.2
Contribution to the fund for general banking risks	**25.0**	50.0	–25.0	–50.0
Taxes on income and earnings	**21.9**	0.0	21.9	–
Other taxes not shown under Item 5	**0.0**	0.1	–0.1	–
Profits transferred based on a profit pool, a profit transfer agreement or a partial profit transfer agreement	**0.0**	30.0	–30.0	–
Net income for the year	**37.5**	0.0	37.5	–
Total expenditure	**529.9**	**298.1**	**231.8**	**77.8**

Net income for the year	**37.5**	0.0
Profit/loss carryforward from the previous year	**0.1**	0.0
Withdrawals from the capital reserve	**0.0**	0.0
Withdrawals from retained earnings	**0.0**	0.0
Transfers to retained earnings	**0.0**	0.0
Balance sheet profit	**37.6**	**0.0**

	01.01.2023 bis 30.06.2023 €m	01.01.2022 bis 30.06.2022 €m	Change €m	Change %
Interest income	**504.6**	278.1	226.5	81.4
Current income	**0.0**	0.2	–0.2	–
Commission income	**18.3**	18.5	–0.2	–1.1
Other operating income	**7.0**	1.3	5.7	> 100.0
Total income	**529.9**	298.1	231.8	77.8

Statement of Changes in Equity

from 1 January to 30 June 2023

€m	Subscribed capital	Capital reserve	Profit reserves	Balance sheet profit	Total equity capital
As at 01.01.2023	**753.4**	**158.3**	**24.2**	**41.0**	**976.9**
Capital increases	0.0	0.0	0.0	0.0	0.0
Dividend payments	0.0	0.0	0.0	–40.9	–40.9
Net income / net loss for the year	0.0	0.0	0.0	37.5	37.5
Other changes – pursuant to Section 152 (3) No. 1 German Stock Corporation Act (AktG)	0.0	0.0	0.0	0.0	0.0
As at 30.06.2023	**753.4**	**158.3**	**24.2**	**37.6**	**973.5**

€m	Subscribed capital	Capital reserve	Profit reserves	Balance sheet profit	Total equity capital
As at 01.01.2022	**753.4**	**158.3**	**24.2**	**0.0**	**935.9**
Capital increases	0.0	0.0	0.0	0.0	0.0
Dividend payments	0.0	0.0	0.0	0.0	0.0
Net income / net loss for the year	0.0	0.0	0.0	0.0	0.0
Other changes – pursuant to Section 152 (3) No. 1 German Stock Corporation Act (AktG)	0.0	0.0	0.0	0.0	0.0
As at 30.06.2022	**753.4**	**158.3**	**24.2**	**0.0**	**935.9**

Selected Explanatory Notes

General Information

The condensed interim financial statements of Berlin Hyp were prepared in accordance with the provisions of the German Commercial Code (HGB) and supplementary provisions of stock corporation law (AktG) and in consideration of the German Securities Trading Act (WpHG), the German Pfandbrief Act (PfandBG) and the Regulation on the Accounts of Banking Institutions (RechKredV).

The Regulation on the Accounts of Banking Institutions is authoritative for the structure and the contents of the balance sheet and the profit and loss account.

Berlin Hyp holds shares in a subsidiary and three 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 in accordance with Section 290 in connection with Section 296 (2) of the German Commercial Code (HGB).

The profit and loss account for the six months from 1 January to 30 June 2023 is comparable to the previous year to a limited degree only, as the year-on-year comparison figures contained in the profit and loss account (short financial year 1 January to 30 June 2022) contain a complete year-end valuation, in particular with regard to the valuation of reserves.

Reporting and Valuation Principles

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

Unless otherwise stated below, the same reporting and valuation principles were applied to the preparation of the condensed interim financial statements as were applied in the annual accounts as at 31 December 2022.

Claims and Liabilities

Itemised valuation allowances are determined on the basis of the amount actually in danger of default, taking into account collateral values.

The lump-sum value adjustment has been determined according to the regulations contained in IDW RS BFA 7 (accounting standard; lump-sum value adjustment for banking institutions) on the basis of the IFRS 9 methodology. This methodology calls for valuation adjustments to be recorded on the basis of expected credit losses. For every individual transaction, the lump-sum value adjustment corresponds at the time of the entry to the credit loss expected for the subsequent 12 months.

The assessment as to whether a significant increase in the default risk is to be recorded for a financial instrument is made on the basis of three criteria:

- Quantitative transfer criterion: first, the initial rating and segment-specific defined and expected migrations are used to calculate the default probability as at the reporting date. If the current risk assessment is significantly worse than the expected value for that date, a transfer will be performed.
- “Trivial limit” criterion: on the basis of the initial rating, a change to the default probability of no more than ten basis points is considered to be minor (trivial). In such cases, the expected losses for the following twelve months are determined.
- “Warning signal” qualitative transfer criterion: if certain warning signals are identified, the expected losses throughout the financial instrument’s residual term are determined. This includes internal warnings, 30-day arrears, active increased support and so-called forbearance measures.

Macroeconomic upheavals (e.g. a sharp increase in energy prices or an abrupt increase in interest rates) whose effects on the credit standing of issuers of financial instruments cannot yet be predicted in a specific and individualised manner do not directly trigger a significant increase in the default risk. In order to adequately take the overall risk of loss into account, the valuation adjustments for assets fundamentally impacted in such exceptional situations are determined on the basis of the expected credit loss over the residual term in each case.

With regard to the financial assets mentioned, the expected loss is calculated in relation to the probability of default (PD), the estimation of the loss given default (LGD) and the anticipated exposure at default (EaD) over the applicable period of time in each case. The basis for the calculation are the regulatory parameters made available by Berlin Hyp, which are suitably transformed by LBBW. Various scenarios are weighted by their probability within the framework of the risk provision model used. The expected losses, which are calculated as the product of the three parameters mentioned, are discounted to the reporting date using the effective interest rate of the specific transaction or an approximation of the same.

The changeover to the IFRS 9 methodology in the short financial year from 1 July to 31 December 2022 led to an increase in risk provisions of €6.1 million.

Along with the parameter-specific consideration of forward-looking information, LBBW also regularly conducts for all of its business areas qualitative and quantitative analyses regarding whether an exceptional situation has in fact occurred, thereby necessitating an adjustment of risk provisions. Exceptional situations are defined as exceptional temporary circumstances in which the models are not capable of creating suitable parameters for IFRS 9 risk provision calculations (e.g. due to extensive macroeconomic or political upheavals). In such cases, qualitative information, estimates, scenario observations and simulations are used as a basis to determine the extent to which risk provisions need to be adjusted so as to ensure all risks are adequately covered.

Suitable clusters are created if this cannot be done at the level of the individual financial instruments. In order to identify and take into account exceptional situations, an expert group at LBBW with members from the Research, Market, Back Office and Risk Controlling divisions examines either regularly or on an ad hoc basis (as needed) all relevant events that can influence business activities.

Above all, the sharp and regionally asymmetrical increase in energy prices and the inflation rate due to the Russian war of aggression against Ukraine, and the associated threat of an economic recession in Europe, were particularly viewed as being an exceptional situation as described above.

The effects this situation might have on the loan quality within Berlin Hyp's loan portfolio are still uncertain and therefore not contained in the ratings and default rates. This means that given the forward looking information requirement in accordance with BFA 7, the lump-sum value must be adjusted in accordance with commercial law by means of a model adjustment for the annual accounts as at 31 December 2022. When assessing the loan portfolio, Berlin Hyp thus continues to take into account all uncertainties regarding possible further developments in the war in Ukraine, as well as uncertainties relating to supply chain bottlenecks, the possible impact of various developments on energy-intensive industries, high inflation rates or the increased production costs associated with the turnaround in interest rates, and the digital and sustainable transformation.

For liabilities, the differences between the issue and the settlement amount are recognised as prepaid expenses or prepaid income, respectively, and recorded as interest income or interest paid, respectively, over the entire term.

Reserves

Pension reserves are assessed based on actuarial principles employing a discount rate of 1.81 per cent (31 December 2022: 1.79 per cent) of the cash value of the obligations already accrued. 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 an interest rate for the past seven financial years (discount rate of 1.72 per cent (31.12.2022: 1.45 per cent)) amounts to €4.1 million (31.12.2022: €16.1 million). This difference is not taken into account as being blocked from distribution.

The pension obligations are based on the projected unit credit method. The 2018 G Heubeck Guideline Tables is used as the biometric basis for calculation. It is calculated with a salary and career trend of 2.65 per cent per annum. Depending on the pension scheme involved, the projected pension trend is between 1.00 and 2.00 per cent p.a. and starting from 2024, between 1.00 and 2.15 per cent p.a. Active members of the Board of Management have a calculated salary and career trend of 0.0 per cent, as in the previous year. Fluctuation is taken into account at a rate of 4.00 per cent.

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) (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 obligation 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.

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.

Notes to the Condensed Profit and Loss Account

Net Interest Income	01.01.2023 – 30.06.2023 €m	01.01.2022 – 30.06.2022 €m	Change €m	Change €m
Interest income from				
Mortgage loans	391.4	204.5	186.9	91.4
Public-sector loans	8.7	8.7	0.0	0.0
Other receivables	44.0	2.0	42.0	> 100.0
less negative interest	0.0	–9.6	9.6	–
Money market transactions	0.1	–0.5	0.6	> –100.0
Fixed-income securities and book-entry securities	60.4	–1.4	61.8	> –100.0
Derivative transactions	0.0	74.4	–74.4	–
	504.6	**278.1**	**226.5**	**81.4**
Interest expenditure for				
Deposits and registered Pfandbriefe	156.8	47.2	109.6	> 100.0
less positive interest	0.0	–67.8	67.8	–
Securitised liabilities	107.6	35.9	71.7	> 100.0
Subordinated liabilities	4.3	4.3	0.0	0.0
Derivative transactions	19.6	0.0	19.6	–
	288.3	**19.6**	**268.7**	**> 100.0**
Net interest income	**216.3**	**258.5**	**–42.2**	**–16.3**

With regard to the development of net interest income, reference is made to our statements on the earnings situation in the Management Report.

The expenses from the compounding of reserves from the non-lending business are included in the “Other operating result” item, while income from the adjustment of parameters is reported under “Operating expenditure”.

Income Taxes
On the basis of profit before income tax in accordance with commercial law, a reconciliation with taxable income occurs by taking into account balance sheet and off-balance sheet deviations. Tax loss carryforwards are settled subject to the regulations on minimum taxation. In the reconciliation of profits from commercial operations to commercial income for the purpose of the commercial tax, additions and reductions are estimated as closely as possible. The actual taxes thus determined are netted with the prepayments made and then recognised.

Group Affiliation
Since 1 July 2022, Berlin Hyp has been included in the consolidated annual accounts of Landesbank Baden-Württemberg as a subsidiary of the latter with its four headquarters in Stuttgart, Karlsruhe, Mainz and Mannheim (smallest and largest consolidation group as defined in Section 285 Nos. 14 and 14a of the German Commercial Code (HGB)). The consolidated annual accounts of Landesbank Baden-Württemberg will be published in the business register.

Net Commission Income	01.01.2023 – 30.06.2023 €m	01.01.2022 – 30.06.2022 €m	Change €m	Change %
Commission income				
Lending	17.5	17.7	–0.2	–1.1
Sureties	0.8	0.8	0.0	0.0
	18.3	**18.5**	**–0.2**	**–1.1**
Commission expenditure				
Sureties	4.2	4.2	0.0	0.0
Credit brokerage	2.5	2.2	0.3	13.6
Securities business	0.6	0.7	–0.1	–14.3
	7.3	**7.1**	**0.2**	**2.7**
Net commission income	**11.0**	**11.4**	**–0.4**	**–3.5**

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

Operating Expenditure	01.01.2023 bis 30.06.2023 €m	01.01.2022 bis 30.06.2022 €m	Change €m	Change %
Staff expenditure				
Wages and salaries	32.1	31.7	0.4	1.3
Social security contributions/retirement pensions	8.0	18.2	–10.2	–56.0
	40.1	**49.9**	**–9.8**	**–19.6**
Other administrative expenses				
Bank levy	16.4	25.5	–9.1	–35.7
Services by third parties	15.4	14.7	0.7	4.8
IT expenditure	11.9	13.4	–1.5	–11.2
Staff-related material costs	2.7	1.8	0.9	50.0
Building and premises costs	2.4	2.3	0.1	4.3
Advertising and marketing	1.2	1.2	0.0	0.0
Business operation costs	0.9	2.1	–1.2	–57.1
Operating and business equipment	0.5	0.5	0.0	0.0
Group payment set-off	0.0	0.4	–0.4	–
	51.4	**61.9**	**–10.5**	**–17.0**
General operating expenditure	**91.5**	**111.8**	**–20.3**	**–18.2**

With regard to the development of operating expenditure, reference is made to our statements on the earnings situation in the Management Report.

Risk Provisioning	01.01.2023 bis 30.06.2023 €m	01.01.2022 bis 30.06.2022 €m	Change €m	Change %
Risk provisioning for lending business	52.8	6.7	46.1	> 100.0
Valuation and disposal result in the securities business	–3.2	54.7	–57.9	> –100.0
Risikovorsorge	**49.6**	**61.4**	**–11.8**	**–19.2**

With regard to the development of risk provisioning, reference is made to our statements on the earnings situation in the Management Report.

Notes to the Balance Sheet

Claims from and Liabilities to Affiliated Enterprises and Related Companies

	30.06.2023		31.12.2022	
	Affiliated enterprises €m	Companies with which a shareholding relationship exists €m	Affiliated enterprises €m	Companies with which a shareholding relationship exists €m
Claims against banking institutions	0.1	0.0	0.0	0.0
Claims against customers	85.5	0.0	86.7	0.0
Debentures and other fixed interest securities	27.5	0.0	27.5	0.0
Other assets	98.9	0.0	113.4	0.0
Liabilities to banking institutions	73.5	0.0	1,635.9	0.0
Liabilities to customers	12.3	0.0	12.8	0.0
Securitised liabilities	0.0	0.0	0.0	0.0
Other liabilities	0.0	0.0	0.0	0.0
Subordinated liabilities	0.0	0.0	0.0	0.0

Statement of Changes in Derivatives

Derivatives as at 30.06.2023 *€m*	Nominal amount/Remaining term									
	Up to 1 year	From 1 to 5 years	More than 5 years	Total Nominal	Total of negative market values	Total of positive market values	Total of negative book values (liabilities)	Balance sheet items (liabilities)	Total of positive book values (assets)	Balance sheet items (assets)
Interest-related transactions										
Interest rate swaps	6,900	31,478	23,866	62,244	–2,643	2,886	–43	P6	12	A15
of which in valuation units	399	2,495	887	3,781	–3	236	0		0	
Caps	430	4,550	948	5,928	–231	73	–46	P6	40	A15
Floors	1,697	501	0	2,198	0	0	–1	P6	0	A15
Collar caps	0	46	0	46	–3	0	–1		0	
Collar floors	0	46	0	46	0	0	0		0	
Other transactions	0	0	500	500	0	0	0		0	
	9,027	**36,621**	**25,314**	**70,962**	**–2,877**	**2,959**	**–91**		**52**	
Currency-related transactions:										
Forward exchange dealings	231	0	0	231	–1	1	–1	P5	1	A14
Interest and currency swaps	82	460	516	1,058	–23	5	–1	P5	49	A14
	313	**460**	**516**	**1,289**	**–24**	**6**	**–2**		**50**	
Total	**9,340**	**37,081**	**25,830**	**72,251**	**–2,901**	**2,965**	**–93**		**102**	

Derivatives as at 31.12.2022 €m	Nominal amount/Remaining term Up to 1 year	From 1 to 5 years	More than 5 years	Total Nominal	Total of negative market values	Total of positive market values	Total of negative book values (liabilities)	Balance sheet items (liabilities)	Total of positive book values (assets)	Balance sheet items (assets)
Interest-related transactions										
Interest rate swaps	11,550	29,844	22,055	63,449	–2,929	3,134	–51	P6	16	A15
of which in valuation units	278	2,316	648	3,242	–1	244	0		0	
FRA sales	0	0	0	0	0	0	0		0	
Swaptions	0	0	240	240	0	15	0	P5	4	A14
Securities future	0	0	0	0	0	0	0		0	
Caps	227	4,212	402	4,841	–216	56	–31	P6	25	A15
Floors	2,797	438	0	3,235	0	0	–2	P6	0	A15
Collar caps	0	46	0	46	–3	0	–1		0	
Collar floors	0	46	0	46	0	0	0		0	
Other transactions	0	0	500	500	0	0	0		0	
	14,574	**34,586**	**23,197**	**72,357**	**–3,148**	**3,205**	**–85**		**45**	
Currency-related transactions										
Forward exchange dealings	289	0	0	289	–12	3	–13	P5	3	A14
Interest and currency swaps	0	386	513	899	–35	6	–1	P5	47	A14
	289	**386**	**513**	**1,188**	**–47**	**9**	**–14**		**50**	
Gesamt	**14,863**	**34,972**	**23,710**	**73,545**	**–3,195**	**3,214**	**–99**		**95**	

Completed business transactions largely serve to hedge interest and exchange rate risks of financial underlying transactions. The market values of the derivative financial instruments are shown on the basis of the interest rate applicable on 30 June 2023 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 – are hedged by collaterals. In the case of customer derivatives, the land charges assigned as collateral for the underlying loans also serve as collateral for derivatives transactions.

Other Information

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. Other financial obligations comprise payment obligations to the restructuring fund ("bank levy" – for the first time), which are payable in whole or in part upon initial demand in the event of restructuring measures, and for which cash collateral was provided.

Number of Staff

Average

	01.01. – 30.06.2023			01.01. – 30.06.2022		
	Male	Female	Total	Male	Female	Total
Full-time employees	290	201	491	277	188	465
Part-time employees	35	88	123	37	98	135
School-leaver trainees / BA students	1	3	4	0	2	2
	326	**292**	**618**	**314**	**288**	**602**

Information Pursuant to Section 28 of the German Pfandbrief Act (Pfandbriefgesetz)
Information to be published on a quarterly basis in accordance with Section 28 of the Pfandbrief Act is published on the Bank's website at www.berlinhyp.de.



Sascha Klaus Maria Teresa Dreo-Tempsch Alexander Stuwe

Berlin, July 2023

Declaration by the Members of the Body Authorised to Represent the Bank According to Section 264 (2)(3) and Section 289 (1)(5) of the German Commercial Code (HGB)

»To the best of our knowledge, we give the assurance that, in compliance with the applicable accounting principles for interim reporting, the interim financial statements provide an accurate picture of the actual circumstances of the net assets and the financial and earnings situation of the Bank, and that the course of business, including the results, and the Bank's position are shown in the Interim Management Report in such a way that the picture conveyed corresponds to the actual circumstances, and the material opportunities and risks of the probable development of the company are described.«

Sascha Klaus Maria Teresa Dreo-Tempsch Alexander Stuwe

Berlin, July 2023

Further Information for Investors

Decarbonisation

In the last quarter of 2022, Berlin Hyp started the “Decarbonisation Path” project, in which the financed emissions resulting from its loan portfolio were calculated in accordance with the PCAF standard. The calculation covers the Scope 1 and Scope 2 emissions of the financed commercial real estate. The calculation in accordance with the PCAF standard constitutes a further development of the calculation of the CO_2 intensity of the loan portfolio, which was previously performed within the framework of Sustainability-Linked Bonds (for the method, see: ESG Bond Report 2022). The new calculation represents an improvement in that now only those parts of properties that are actually financed by Berlin Hyp, and the related emissions, are considered, whereas previously the total space of the properties was used as a basis.

On the basis of the newly calculated financed emissions, ambitious goals for CO_2 reductions were defined both for the overall loan portfolio and the loan portfolio sub-segments, showing us the way toward net zero. The feasibility and the economic implications of the CO_2 reduction goals were reviewed in an impact analysis. Furthermore, we, as Berlin Hyp, are committed to doing our best to make sure that our overall loan portfolio does not exceed the 1.5-degree pathway defined by CRREM, which specifies publicly accessible and science-based CO_2 limits for real estate and ensures compliance with the Paris Agreement. We make this commitment with the proviso that the decarbonisation of electricity and heating networks and the use of new energy sources occur as anticipated. The German government’s roadmap for the decarbonisation of electricity and heating networks forms the basis for these assumptions.[35]

As at 30 June 2023, Berlin Hyp’s financed emission intensity of 30.94kg CO_2 per m^2 (31 December 2022: 30.77kg CO_2 per m^2), was considerably below the CRREM reference values. Furthermore, Berlin Hyp’s newly defined CO_2 reduction goal (highlighted in dark grey in the chart) stipulates a course even more ambitious than the reduction target of 40 % for the loan portfolio from 2020 to 2030 as defined in 2021 within the framework of the Sustainability-Linked Bond (see yellow dot in the illustration).

[34] Outstanding amount: The loan amount (in €m) that was not yet returned to the Bank at the time of the calculation. The initial loan amount minus repayments made corresponds to the outstanding loan amount.
Market value: Market value of the building at the beginning of the loan term. If this figure is not available, the earliest available market value is used instead.

[35] Electricity: Renewable Energy Sources Act 2023, Section 1: “The share of gross electricity consumption accounted for by electricity generated from renewable energy sources in the territory of the Federal Republic of Germany, including the German Exclusive Economic Zone (federal territory), is to be increased to a minimum of 80 per cent by 2030.”
Heating: District heating – Federal Ministry for Economic Affairs and Climate Action, ambition of climate neutrality by 2045: “Climate-neutral heating networks by 2045”
https://www.bmwk.de/Redaktion/DE/Schlaglichter-der-Wirtschaftspolitik/2022/02/04-im-fokus-gruene-waerme.html

Financed emission intensity	$\frac{tCO_2}{m^2a}$	Emissions per area of financed properties, weighted by financed area	$\frac{\sum_{Properties} \frac{kWh}{m^2a} \times \frac{tCO_2}{kWh} \times m^2 \times \frac{\text{Outstanding Amount (€)}}{\text{Market value (€)}}}{\sum_{Properties} m^2 \times \frac{\text{Outstanding Amount (€)}}{\text{Market value (€)}}}$

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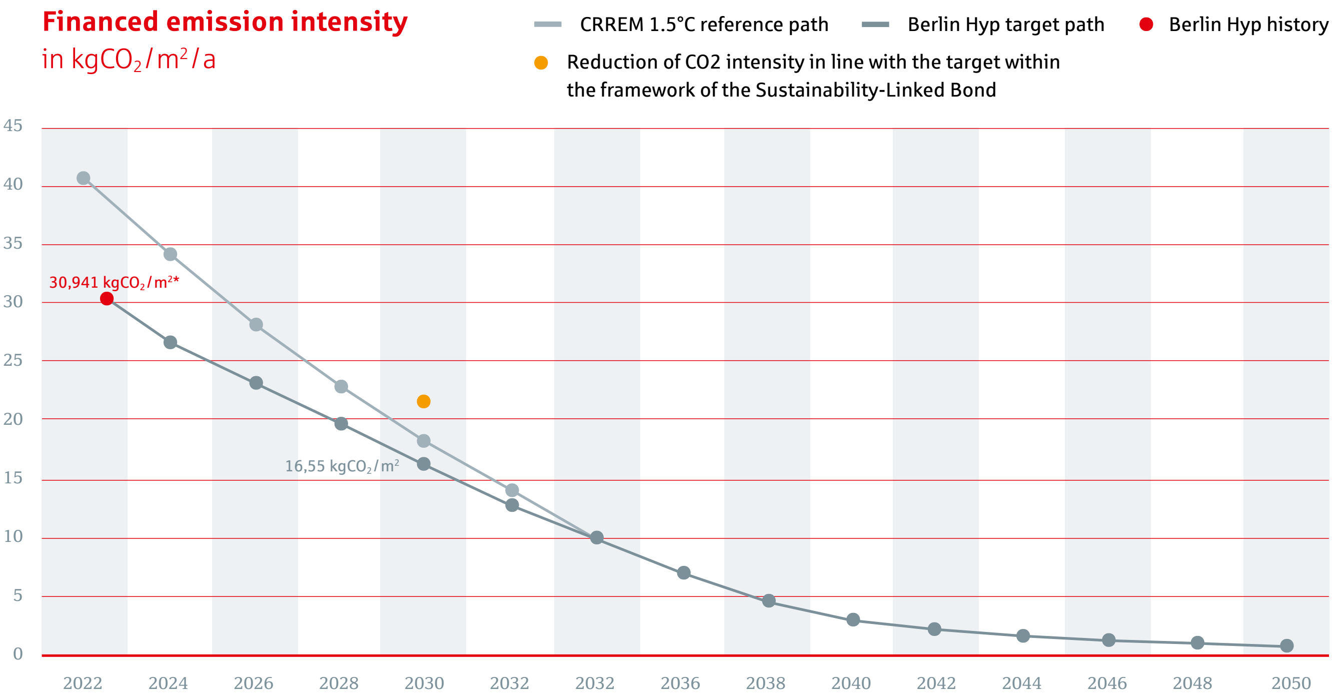
Aggregation of the segment paths at the portfolio level



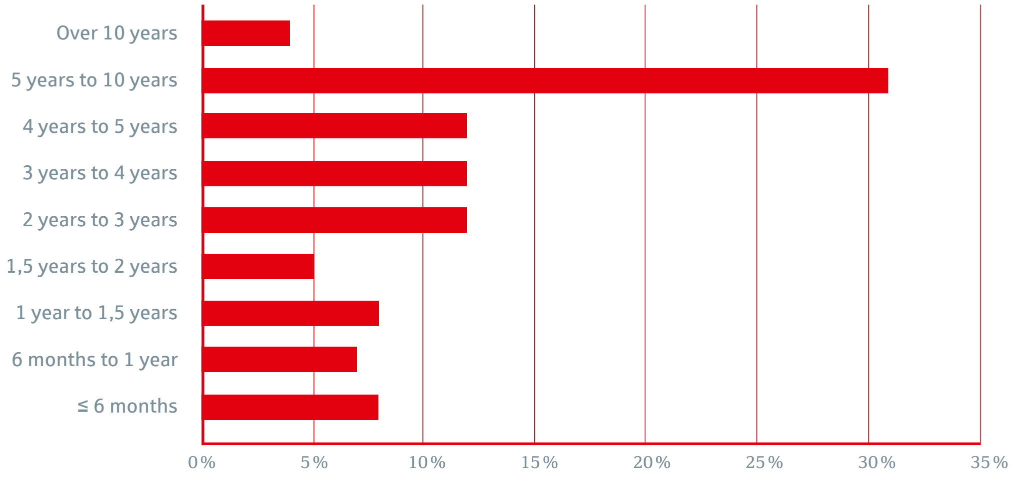
* The overall change in financed emission intensity involves two changes:
- Changes to the property portfolio reduce emission intensity by 0.01 $kgCO_2 / m^2$
- Emission factor changes increase emission intensity by 0.18 $kgCO_2 / m^2$

Further Information for Investors

Mortgage Loan Portfolio

The breakdown of the mortgage loan portfolio by maturity structure and loan-to-value ratio as at 30 June 2023 was as follows:

Maturity Structure of Loans
in %



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

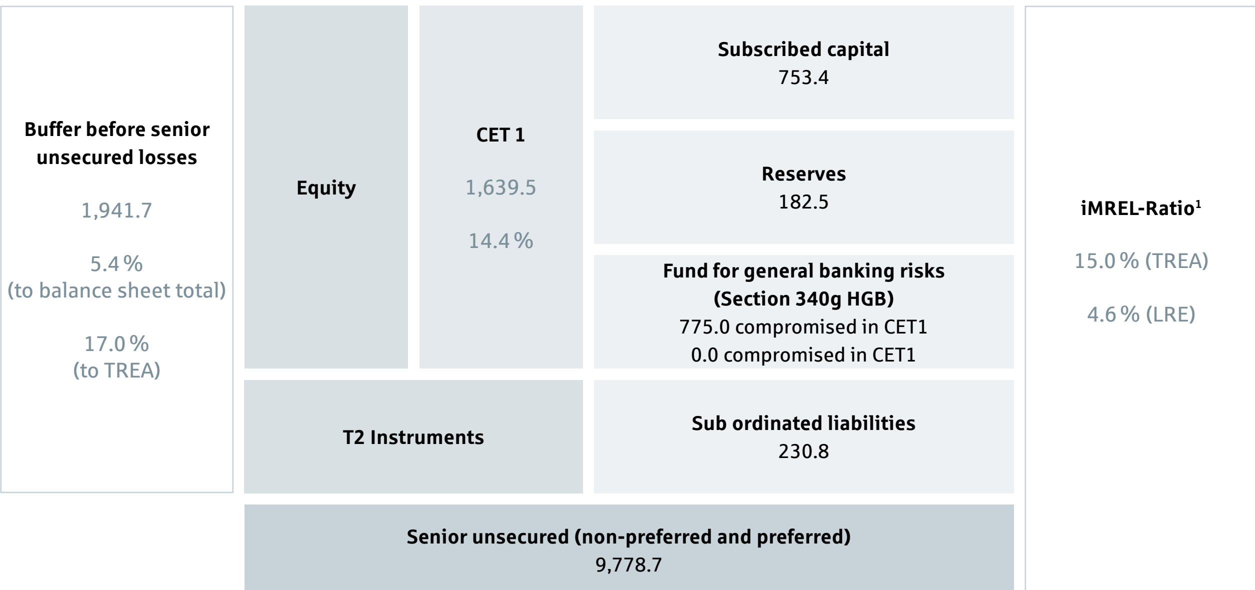
Lending region	Ø LTV
Germany	54.1
BeNeLux	53.2
France	48.9
Poland/Czech Republic	64.6
Great Britain	52.5

Key Regulatory Indicators
in €m

	30.06.2023	31.12.2022
Common equity tier 1 (CET1)	1,640	1,623
Additional tier 1 capital (AT1)	0.0	0.0
Tier 1 capital (T1)	1,640	1,623
Tier 2 capital (T2)	195	209
Own funds/Total capital	1,835	1,833
Risk weighted assets (RWA)	11,398	11,854
CET1 ratio in %	14.4	13.7
T1 ratio in %	14.4	13.7
Total capital ratio in %	16.1	15.5
Leverage ratio in %	4.4	4.5
MREL (TREA)*	15.0	72.8
MREL (LRE)*	4.6	24.0
LCR	146.7	124.5
NSFR	108.8	105.8

* From 2023 on: change from external MREL ratios (eMREL) to internal MREL ratios (iMREL) in accordance with regulatory requirements

Insolvency Hierarchy and Protection of Senior-Unsecured Investors
in €m



[1] iMREL effective in relation to the total risk exposure amount (TREA) 14.96 % and / or to the leverage ratio exposure (LRE) 4.58 %.
iMREL requirement from 01.01.2024 on: 15.75 % TREA + CBR and / or 5.91 % LRE.

Berlin Hyp AG
Corneliusstraße 7
10787 Berlin
T +49 30 2599 9123
www.berlinhyp.de