A company of LBBW

Berlin Hyp

Focus on the Future

Annual Report 2023

Finanzgruppe

A partnership built on trust

Performance indicators at a glance

Excerpt from the Profit and Loss Account in €m	01.01. – 31.12.23	01.01. – 31.12.22
Net interest income	498.3	456.0
Net commission income	18.2	23.8
Staff expenditure	93.7	90.9
Other operating expenditure	99.8	105.1
of which expenditure for bank levy	*16.4*	*25.5*
Depreciation on tangible fixed assets	13.5	10.6
Operating expenditure	207.0	206.6
Other operating result	1.2	–12.0
Risk provisioning	–135.3	–86.4
Valuation result of lending business	–152.1	13.2
Valuation result of securities business	16.8	–99.6
Operating result	175.4	174.8
Net income from financial assets	–1.4	–
Allocation to the fund for general banking risks	50.0	75.0
Other taxes	0.1	0.1
Profit before income tax	123.9	99.7
Net income	75.0	71.0
Cost-income ratio in %	40.0	42.9
Return on equity in %	10.0	11.3

Excerpt from the Balance Sheet in €m	31.12.23	31.12.22
Balance sheet total	35,457	34,412
incl. mortgage loans	28,654	27,503
NPL[1]	492	127

[1] Gross carrying amounts

Business Development in €m	01.01. – 31.12.23	01.01. – 31.12.22
New lending	2,847	5,863
Extensions (capital employed ≥ 1 year)	2,240	1,096

Regulatory Law Key Figures[2]	31.12.23	31.12.22
Common equity tier 1 capital in €m (CET1)	1,657	1,623
Additional tier 1 capital in €m (AT1)	–	–
Tier 1 capital in €m (T1)	1,657	1,623
Tier 2 capital in €m (T2)	184	209
Equity/total capital in €m (total capital)	1,841	1,833
RWA in €m	10,753	11,854
CET1 ratio in %	15.4	13.7
T1 ratio in %	15.4	13.7
Total capital ratio in %	17.1	15.5
Leverage ratio in %	4.5	4.5
iMREL (Leverage Ratio Exposure)[3]	6.5	72.8
iMREL (Total Risk Exposure Amount)[3]	22.2	24.0
LCR	149.8	124.5
NFSR	111.3	105.8

[2] On the basis of the audit certificate, before appropriation of earnings
[3] From 2023 on: Change from external MREL ratios (eMREL) to internal MREL ratios (iMREL) in accordance with regulatory requirements

Issue Ratings	31.12.23	31.12.22
Moody's		
Pfandbriefe	Aaa (stable)	Aaa (stable)
Senior preferred	Aa3 (stable)	Aa3 (stable)
Senior non-preferred	A2 (stable)	A2 (stable)
Fitch		
Pfandbriefe	–	–
Senior preferred	A (stable)	A (stable)
Senior non-preferred	A- (stable)	A- (stable)

Sustainability Ratings	MSCI	ISS ESG	Sustainalytics
	AAA	B–	7,1 (Negligible Risk)

Other	31.12.23	31.12.22
Number of employees (as at the reporting date)	644	613

€ 5.1 billion
New lending (including extensions with capital employed ≥ 1 year)

10.0 %
Return on equity

Aaa
(Moody's) Pfandbrief issue rating

Contents

Organs of the Bank and Other Important Functions

Supervisory Board

Thorsten Schönenberger
- → Chair
- → Member of the Board of Management of LBBW

Andrea Schlenzig
- → Deputy Chair
- → Bank employee

Anastasios Agathagelidis
- → Member of the Board of Management of LBBW

Thomas Mang
- → President of the Savings Banks Association of Lower Saxony

Thomas Meister
- → Chair of the Works Council of Berlin Hyp AG
- → Bank employee

Stefanie Münz
- → Member of the Board of Management of LBBW

Jana Pabst
- → Member of the Works Council of Berlin Hyp AG
- → Bank employee

Dr. Christian Ricken
- → Member of the Board of Management of LBBW

Thomas Weiß
- → Division Head Financial Controlling of LBBW

Board of Management

Sascha Klaus
- → Chair of the Board of Management

Maria Teresa Dreo-Tempsch
- → Chief Market Officer

Alexander Stuwe
- → Chief Financial Officer

Committees of the Supervisory Board

Presiding and Nomination Committee

Thorsten Schönenberger
→ Chair

Stefanie Münz
→ Deputy Chair

Thomas Meister

Dr. Christian Ricken

Loans Committee

Anastasios Agathagelidis
→ Chair

Dr. Christian Ricken
→ Deputy Chair

Jana Pabst

Thorsten Schönenberger

Audit Committee

Thomas Mang
→ Chair

Stefanie Münz
→ Deputy Chair

Anastasios Agathagelidis

Andrea Schlenzig

Compensation Control Committee

Thorsten Schönenberger
→ Chair

Anastasios Agathagelidis
→ Deputy Chair

Jana Pabst

Cover Pool Monitor

Christian Ax

Deputy Cover Pool Monitors

Wolfgang Rips

Philip Warner

2023 Supervisory Board Report of Berlin Hyp AG

Berlin Hyp is a subsidiary of Landesbank Baden-Württemberg (LBBW) and an independent commercial real estate financier within the S-Group of the Sparkassen-Finanzgruppe. In accordance with the regulations of the German One-Third Participation Act, the Supervisory Board is made up of three employee representatives, five representatives from LBBW and the President of the Sparkassenverband Niedersachsen (Savings Banks Association of Lower Saxony).

Despite various uncertainties such as the ongoing war in Ukraine, concerns about recession, the ongoing restrictive monetary policies due to high inflation rates, and declining transaction volumes on the commercial real estate market, Berlin Hyp successfully upheld its business model and continued to demonstrate its ability to perform in the 2023 financial year as well. The Bank continued its solid business development and reinforced its position as one of the leading real estate and Pfandbrief banks. Despite the many challenges, the Bank is still pursuing a conservative risk strategy and the consistent implementation of its digitalisation activities, and is also reinforcing its sustainability claim.

The effects of the crisis in the real estate sector are reflected in Berlin Hyp's financial results in the form of additional valuation allowances. Given the described underlying conditions and the additional burden brought about by necessary implementation projects, our results actually exceeded expectations.

In accordance with the legal requirements, the Supervisory Board once again concerned itself promptly, regularly and comprehensively with the position and the development of Berlin Hyp, the planning situation, the risk situation, risk management as well as compliance, discussing this in depth with the Board of Management and providing advice, both orally and in writing, in 2023. It regularly monitored the actions of the Board of Management and satisfied itself that it was acting properly, deliberated on all relevant aspects in this context and provided recommendations. In particular, the Supervisory Board intensively discussed and reviewed the plausibility of business transactions of importance to the company on the basis of written and oral reports of the Board of Management.

Meetings of the Supervisory Board

The Supervisory Board held four regular meetings in the 2023 financial year. In addition to the detailed reporting by the Board of Management on the current business development, the risk situation and the status of ESG activities, each ordinary Supervisory Board meeting reviewed the development of the S-Group business, the ongoing external audits and the respective implementation status of important projects, including the "B-One" construction project for the new headquarters in Berlin. In addition, the Supervisory Board dealt with the legal, regulatory and supervisory framework.

Following the reports made by the Board of Management and the auditors, and after intensive consultation and review, the accounts and management report for the second short financial year from 1 July to 31 December 2022 (Short Financial Year II 2022) were approved and adopted during the **balance sheet meeting of the Supervisory Board on 21 March 2023**. The Supervisory Board's Report, the Corporate Governance Report and the Non-Financial Statement (Sustainability Report) were discussed and adopted. Furthermore, the Supervisory Board noted the quality report from the audit of the accounts for the second short financial year in 2022. In addition, the Supervisory Board passed the necessary resolutions regarding the Annual General Meeting of Berlin Hyp.

In the course of this Supervisory Board meeting, the annual reports of the Compliance Officer and Internal Audit were also discussed and acknowledged. The topic area "ESG" was also added to the orientation and training policy for the Board of Management and the Supervisory Board.

Furthermore, the guidelines prepared by Berlin Hyp's Supervisory Board for specifying and paying variable remuneration to the members of the Board of Management were updated. In accordance with the provisions of the German Remuneration Ordinance for Institutions, the Supervisory Board then took note of the overall bonus pool for employees set by the Board of Management and established the total amount of variable remuneration for the Board of Management. Subsequently, on the basis of the individual achievement of targets, a decision was made on the individual target bonuses of the individual members of the Board of Management and on the payment of conditional bonuses.

In the **meeting on 21 June 2023**, in addition to receiving its regular reports, the Supervisory Board acknowledged the Board of Management's statements on strategic investments, donations and sponsorship measures. Furthermore, the Supervisory Board updated the selection and diversity strategy for the selection of members of the Supervisory Board and Board of Management. In addition, Deloitte GmbH Wirtschaftsprüfungsgesellschaft was commissioned to perform audits in accordance with the framework statutes for the Institutional Protection Scheme of the Sparkassen-Finanzgruppe as well as audits of the non-financial statement. Furthermore, it prepared the annual efficiency and suitability review for the Board of Management and the Supervisory Board.

In the meeting on **14 September 2023**, the medium-term planning proposals for the years 2024 to 2028 were discussed and Berlin Hyp's projections for 2023 were acknowledged. On the recommendation of its Audit Committee, the Supervisory Board chose not to define an auditing focus for the 2023 financial year. The Chair of the Supervisory Board also presented a summary report of the findings from the efficiency and suitability review. The review revealed that the Supervisory Board's work is effective and that the members of the Board of Management and Supervisory Board possess the necessary expertise, skills and experience. In this context, the Supervisory Board adopted resolutions on optimising the efficiency of the meetings of the Supervisory Board and its committees.

Moreover, the Supervisory Board approved an early extension of Sascha Klaus' appointment as Chair of the Board of Management of Berlin Hyp for a further five years until the end of August 2029.

In the **meeting on 27 November 2023**, the Board of Management's periodic reports were supplemented by a presentation on Treasury activities. The routine discussion of the updates to the strategy documents was also conducted. Subsequently, the Supervisory Board addressed the latest projections for 2023 in detail and approved the medium-term planning for the years 2024 to 2028.

In addition, the regular review of Berlin Hyp's remuneration systems was carried out and the systems were deemed appropriate. The report on the identification of risk carriers was noted, as was the result of the analysis of the gender-neutral remuneration policy at Berlin Hyp in 2023. In addition, the rules of procedure for the Board of Management, the Supervisory Board and its committees were updated following a regular review. In this context, responsibilities relating to the Bank's investments in other companies were also adjusted.

Committees of the Supervisory Board

The work of the Supervisory Board of Berlin Hyp was supported by four committees – the Audit Committee **(PA)**, the Loans Committee **(KA)**, the Presiding and Nomination Committee **(PNA)** and the Remuneration Control Committee **(VKA)**. Each committee generally convened as needed prior to Supervisory Board meetings. Reports from the committees were then presented at the Supervisory Board meetings.

The main objective of the **PA** is to assist in the review and preparation of the adoption of the annual financial statements. Moreover, it is responsible for monitoring the accounting process, the efficacy of the risk management system and the internal management and controlling system, and the functionality of the Internal Audit division. It also deals with compliance issues. The PA currently comprises four members.

The **PNA** deals with HR and strategy issues (including short and long-term succession planning for both the Board of Management and the Supervisory Board), evaluates the efficiency and suitability of the Board of Management in accordance with the German Banking Act (KWG) and assesses the suitability of members of the management bodies in accordance with ESMA/EBA guidelines. The **PNA** currently comprises four members.

The **VKA** monitors the remuneration systems used for the members of the Board of Management and employees, paying particular attention to the effects on risks and risk management at Berlin Hyp. The **VKA** currently comprises three members.

The **KA** has its own loan approval powers and also acts as the Risk Committee. It therefore primarily deals with loan decisions, which exceed the powers of the "overall Board of Management", as well as with the risk strategy, the regular risk reports and the principles of the loan business policy. Apart from its regular quarterly meetings, the **KA** also holds videoconferences when fast credit decisions have to be made. The **KA** currently comprises four members.

The committees reported regularly and in detail to the Supervisory Board on their work.

Corporate Governance

As a non-listed public limited company, Berlin Hyp is not subject to the regulations of the German Corporate Governance Code (DCGK), but voluntarily applied it for many years. As from the 2020 financial year, it no longer applies the DCGK, but is committed to complying with the principles of good corporate governance as set out in the DCGK. The Supervisory Board receives a report on corporate governance at the Bank at least once a year at the balance sheet meeting.

Meetings and Attendance

A total of four ordinary and 30 committee meetings took place in 2023, of which 13 were meetings of the KA that were convened in order to expedite fast credit decisions. Most meetings were held in person, with the exception of the aforementioned 13 KA meetings for fast credit decisions.

In addition, the KA had three written circulation procedures, while the PA and PNA had one each. Members prevented from attending usually participated in the passing of resolutions through voting instructions. With few exceptions, in the 2023 financial year, all Supervisory Board members took part in the meetings of the plenum and the committees to which they belong.

Conflicts of Interest and How They Are Handled

The Supervisory Board has adopted regulations to address and prevent conflicts of interest within the Supervisory Board and the Board of Management. There were no conflicts of interest during the 2023 financial year.

Personnel Issues of the Supervisory Board

In 2023, the Supervisory Board was made up of nine members, as before.

Personnel Issues of the Board of Management

In the 2023 financial year, the Board of Management continued to comprise three members – Sascha Klaus, Maria Teresa Dreo-Tempsch and Alexander Stuwe.

2023 accounts

The accounts of Berlin Hyp and the management report for the 2023 financial year have been audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, appointed by the Annual General Meeting, and have received an unqualified audit certificate. The Supervisory Board has acknowledged the audit certificate.

The accounts of Berlin Hyp were prepared in accordance with the provisions of the German Commercial Code (HGB). The accounts, the management report, the non-financial statement and the auditor's report were presented to the Supervisory Board in due time before its meeting. The Board of Management explained the financial statements and the risk management system in detail at the two meetings of the **PA** in preparation for the balance sheet meeting and also at the Supervisory Board's balance sheet meeting. The auditor attended these two meetings and reported on the scope, focus and material results of the audit. The auditor came to the overall conclusion that there were no major weaknesses in the internal control system or the risk management system.

The **PA** closely examined the documents and recommended that the Supervisory Board approve the financial statements. The Supervisory Board approved the results of the audit following inspection of the auditor's report and detailed discussion and determined that there were no objections to be raised even after the final results of its own audit. It approved the annual financial statements prepared by the Board of Management. The accounts for the 2023 financial year were thus officially and completely approved. The proposal by the Board of Management for the appropriation of the balance sheet profit was approved. During the audit of the accounts, the Chair of the **PA** obtained regular information on the audit's status in consultation with the auditor Deloitte.

Sustainability Report (Non-Financial Statement)

The **PA** and the Supervisory Board also addressed the non-financial statement for the 2023 financial year that was prepared by the Board of Management. In its role as auditor, Deloitte performed an audit with limited certainty and found no grounds for objection. The Board of Management explained the documents in detail at the meeting of the **PA** in preparation for the balance sheet meeting and also at the Supervisory Board's balance sheet meeting. The Deloitte representatives reported on the material results of their audit and answered additional questions from the Supervisory Board members. The Supervisory Board had no objections after performing its review.

Education and Further Training

The members of the Supervisory Board were responsible for obtaining the necessary training and continuing education for their duties at their own responsibility and were adequately supported in this process by the company. On 21 March 2023, the Supervisory Board completed a training session on the topic of "ESG Regulatory Requirements and Regulatory Programmes".

The Supervisory Board would like to thank the members of the Board of Management, as well as all employees at Berlin Hyp, for their tremendous dedication in 2023 under conditions that remained difficult during this period.

Berlin, March 2024

For the Supervisory Board

Thorsten Schönenberger
Chair

2023 Corporate Governance Report

The Board of Management and the Supervisory Board of Berlin Hyp firmly believe that good corporate governance is a material part of the foundation upon which the lasting success of the company, the confidence of its business partners and employees and the trust of financial markets is built. Social and environmental factors also have an effect on the Bank's success, and the Bank's activities in turn impact people and the environment. The Supervisory Board and the Board of Management are aware of this and take these aspects, as well as the best interests of the company, into account in their management and monitoring activities. This is why information relating to the general principles of good corporate governance is disclosed in each reporting year.

Berlin Hyp's corporate governance is based on the suggestions and recommendations of the German Corporate Governance Code (DCGK). This sets out the main statutory regulations for the management and supervision of German listed companies and contains internationally and nationally recognised standards of good and responsible corporate governance.

Berlin Hyp focuses in particular on certain regulations that address the structure of corporate bodies, their tasks and their interactions, the transparency of the company and sustainability in daily operations. In these areas, the Berlin Hyp largely complies with the recommendations and suggestions of the Code.

Board of Management

Berlin Hyp's Board of Management leads the Bank at its own responsibility with the objective of sustainable value creation and in the best interests of the company. It is committed to the principles of good, responsible and efficient business management and control. It manages the Bank in compliance with statutory provisions, the Articles of Association, the Rules of Procedure and the internal company guidelines. The Board of Management develops the strategic orientation of the Bank, agrees on it in consultation with the Supervisory Board and ensures its implementation.

The Board of Management continued to comprise three members in the 2023 financial year – Sascha Klaus, Maria Teresa Dreo-Tempsch and Alexander Stuwe. Regardless of the overall responsibility of the Board of Management, the individual members lead the divisions assigned to them by the business organisation plan at their own responsibility. The members consistently act for the benefit of the company as a whole. The members of the Board of Management inform each other about all material developments in their divisions and coordinate all measures affecting multiple spheres of responsibility.

The varied expertise of the individual Board of Management members ensures that the Board of Management remains sufficiently diversified. The Supervisory Board set a target quota of 33.33 per cent for women on the Board of Management (one woman), initially until 30 June 2027. This quota has been filled with the inclusion of Ms Maria Teresa Dreo-Tempsch on the Board of Management.

Supervisory Board

The Supervisory Board of Berlin Hyp has nine members. In accordance with the regulations of the German One-Third Participation Act, the Supervisory Board is currently made up of three employee representatives and six shareholder representatives elected by the Annual General Meeting.

The Supervisory Board of Berlin Hyp advises and monitors the Board of Management with regard to issues relating to the management of the Bank. It also cooperates with the Board of Management to ensure long-term succession planning and seeks to attain a degree of diversity in the composition of both the Board of Management and the Supervisory Board that is appropriate to the Bank's business activities. With the resolved successor guideline, the Board sets specific goals for the composition of the Supervisory Board and a competence profile for the entire Board. Candidate proposals from the Supervisory Board to the Annual General Meeting also take the aforementioned goals into account. As at the reporting date, all objectives set by the Supervisory Board with regard to its composition had been implemented in accordance with the successor guideline.

The diversity of the Board is established so that the qualifications and personalities of the individual members guarantee optimal supervision of the company. This requires that all Supervisory Board members have knowledge, in particular, of Berlin Hyp's relevant market environment and its banking business.

The Supervisory Board has recorded the detailed requirements in writing in a selection and diversity strategy. It describes details of the knowledge, skills and experience required for effective monitoring of the Board of Management. These include, in particular, knowledge and experience in the fields of real estate, capital markets, financing/lending business, sustainability/ESG in the banking business, securities and accounting. Independence rules are also defined. Furthermore, Supervisory Board members should be able to devote sufficient time to the performance of their duties.

The members of the Supervisory Board are generally not subject to any conflicts of interest, particularly any that could result from an advisory function or board membership on behalf of customers, suppliers, lenders or other business partners of the company. The Supervisory Board has adopted regulations – in particular the guidelines for dealing with conflicts of interest within the Supervisory Board and the Board of Management – to prevent conflicts of interest. Committee members do not participate in the discussion and passing of resolutions if conflicts of interest or the impression of a conflict of interest exist in individual cases, and are not given any meeting documents. There were no conflicts of interest in the 2023 financial year.

In accordance with the equality law provisions of the General Act on Equal Treatment relevant for Berlin Hyp, the Supervisory Board set a target for itself to achieve 13 per cent (two women) by 30 June 2027. At present, three women are members of the Supervisory Board, which means that the target has been met.

Attention is not only given to potential conflicts of interest, but also compliance with the age limit of 70 years as stipulated in the Rules of Procedure. The age diversity at the end of the short financial year was between 43 and 64 years.

The Supervisory Board submits itself to efficiency and suitability reviews each year. The most recent review was conducted at the Supervisory Board meeting on 14 September 2023 and was based on a questionnaire, as in the past, which addressed relevant topics according to Section 25d (11) Nos. 3 and 4 of the German Banking Act (KWG). Ultimately, Supervisory Board activity was deemed to be efficient. The Supervisory Board members have the required knowledge, abilities and experience for the activities of the Supervisory Board and its committees.

The members of the Supervisory Board were responsible for obtaining the necessary training and continuing education for their duties at their own responsibility and were adequately supported in this process by the company. On 21 March 2023, the Supervisory Board completed a training session on the topic of "ESG Regulatory Requirements and Regulatory Programmes".

Close Cooperation Between the Board of Management and the Supervisory Board

Berlin Hyp's Board of Management and Supervisory Board work together closely based on mutual trust. As a rule, a minimum of four Supervisory Board meetings take place in a calendar year, i.e. one per quarter. In 2023, four regular meetings took place. The Board of Management informs the Supervisory Board extensively and promptly on all issues relevant to the company relating to strategy, planning, business development, the risk situation, risk management and compliance of the Bank. The Board of Management coordinates the company strategy and its implementation with the Supervisory Board. It explores deviations in business performance from plans and goals and states the reasons for these. Supervisory Board meetings regularly begin with a look at the Bank's environment and current projects, such as the large-scale projects, e.g. the construction of the Bank's new corporate headquarters at Budapester Strasse 1 ("B-One"), the digitalisation of the Bank or the ongoing development of sustainability management.

The approach to risks in connection with the Bank's business activity is material to the Board of Management and the Supervisory Board. The risks and opportunities associated with social and environmental factors, as well as the ecological and social impact of the Bank's business activities, are systematically identified and assessed. Both bodies require regular reports about risks and their development. Berlin Hyp's risk management system is continually developed further by the Bank and is examined by the auditors. The Board of Management passes on information that is material with regard to the risk aspects to the Chair of the Supervisory Board without undue delay.

For strategic issues and discussions on strategic orientation, the Board of Management involves the Supervisory Board as appropriate.

The composition of the Board of Management and the Supervisory Board, as well as the spheres of responsibility of the individual members of the Board of Management, is presented on pages 2 and 3 of the Annual Report.

Improvement of Efficiency by Committees

The Supervisory Board is assisted by four formed committees in accordance with regulatory requirements and with the aim of increasing efficiency. The Loans Committee is also active as the Risk Committee pursuant to the German Banking Act (KWG). The Chair of the Supervisory Board does not hold the chair of the Audit Committee and the Chair of the Loans Committee (also the Risk Committee) does not hold an additional chair of the governing bodies. For details regarding the responsibilities of the various committees and the areas they focused on in the 2023 financial year, see the Supervisory Board Report included in this Annual Report.

Transparency

Open communication and transparency are extremely important at Berlin Hyp. The Bank's website provides information about all material developments and events related to the Bank. For example, the planned publication dates for financial reporting are found in the financial calendar. All annual reports and interim reports are also archived and available on the website. In addition, the website contains important capital market information such as the current composition of the cover funds. Almost all information published by the Bank online is also published in English.

Risk Culture

Berlin Hyp's business philosophy has always been based on a triad of stable earnings, efficient structures and low risks. The Bank therefore fosters a risk culture that is designed to ensure the long-term success of its business and its corporate value. It defines risk awareness, risk appetite and risk management at the Bank. The conservative risk culture at Berlin Hyp is reflected in its business processes, guidelines, financing principles and Code of Conduct and is evident in the decisions made by management and employees in their daily work.

Compliance

Berlin Hyp has a proven compliance management system that monitors the development of legal and regulatory frameworks and initiates implementation measures as necessary. It serves to protect the Bank and its customers and therefore reinforces the trust of customers in Berlin Hyp. The Bank has a central compliance function to ensure compliance with legal and regulatory requirements and to assist other specialist departments in performing their duties with regard to compliance issues. In addition, the compliance function regularly carries out preventive measures and adequacy and efficiency surveys in the specialist areas and performs risk analyses.

In addition to the existing contact channels, Berlin Hyp has implemented a whistleblower system that can be used by employees, customers, business partners and other stakeholders. This includes the function of an external ombudsman, whom whistleblowers can contact in confidence if they come across suspected criminal activities or illegal business transactions.

Contents

Management Report

I Principles of the Bank Business Model

Organisational Structure

Berlin Hyp AG (Berlin Hyp) is a stock corporation whose shares have been wholly and solely owned by Landesbank Baden-Württemberg (LBBW), Stuttgart, since 1 July 2022. A control agreement has been in place between Berlin Hyp and LBBW since 1 August 2022. The Group structure as at 31 December 2023 was as follows:

As at 31 December 2023, the Berlin Hyp Board of Management comprised three members who had the following areas of responsibility:

Sascha Klaus (Chair)
- → B-One
- → Finance
- → Governance
- → Information technology
- → Communications and Marketing
- → Personal (staff)
- → Internal Audit
- → Company Strategy

Maria Teresa Dreo-Tempsch
- → Treasury
- → Foreign Sales Real Estate Financing
- → Domestic Sales Real Estate Financing
- → Portfolio Management

Alexander Stuwe
- → Data Management
- → Lending (Real Estate and Capital Market)
- → Risk Control
- → Valuation
- → Risk Management (division)
- → Future Management Process (division)
- → Representatives

Berlin Hyp is divided overall into 16 divisions with 50 departments and four teams.

With effect from 01.10.2023, three departments from the existing Domestic Sales Real Estate Financing division were shifted over to the new Portfolio Management division. The Bank believes this move will facilitate the achievement of its goal of increasing its syndication activities.

The Supervisory Board of Berlin Hyp has formed four committees: the Loans Committee, the Audit Committee, the Presiding and Nomination Committee and the Remuneration Control Committee.

Business Activities

Berlin Hyp is a banking institution which specialises in large-volume real estate financing for professional investors and housing companies. The Bank also views itself as an independent competence centre for commercial real estate financing and a syndication partner within the Sparkassen-Finanzgruppe, without at the same time being a competitor of the savings banks. Sustainability has been a central component of the Bank's business strategy for years. With regard to the capital market, Berlin Hyp views itself as a pioneer in the development of sustainable refinancing products. At the same time, the Bank also promotes the financing of sustainable real estate in order to help drive the transformation of the real estate market and contribute to achieving the goal of climate neutrality. Berlin Hyp's clear focus, more than 150 years of experience and the ability to shape digital transformation in the real estate sector characterise the Bank as a leading German real estate and Pfandbrief bank.

As an S-Group partner with its specially developed Immo product range, the Bank is creating added value for the Sparkassen-Finanzgruppe, and in particular for the savings banks, by offering them a wide range of investment opportunities relating to Berlin Hyp's financing activities. The ImmoDigital portal solution, launched at the end of 2020, supports the sale of S-Group products and takes the digitalisation of transactions a major step further. Berlin Hyp is actively involved in the development of S-Group products and services along the commercial real estate financing value chain and in this manner seeks to make a lasting positive contribution to the success of the Sparkassen-Finanzgruppe.

Berlin Hyp is a partner to investors from the private and commercial real estate sectors. In addition to capital investment companies and real estate funds, this also includes housing construction companies and cooperatives as well as selected project developers. The Bank offers its customers individual solutions for real estate financing in all common asset classes, either as individual properties or in portfolios. In addition to traditional mortgage loans, the Bank offers guarantees as well as building contractor and development financing. Through its business model, Berlin Hyp focuses on real estate financing in economic centres in Germany and select foreign markets.

The Bank is an issuer of mortgage Pfandbriefe and senior unsecured and subordinated bonds on the capital market. Both mortgage Pfandbriefe and senior unsecured bonds can also be issued as Green Bonds. As a bank specialising in the financing of commercial real estate, Pfandbriefe are the primary refinancing instruments of Berlin Hyp. These are issued both as benchmark bonds as well as private placements in the form of bearer bonds or registered bonds.

As the issuer of the first Green Pfandbrief, Berlin Hyp is an ESG pioneer in the capital market. Its position as such was reinforced in 2021 when, according to its own assessment, it became the first bank to issue a Sustainability-Linked Bond. This was followed by the first Social Bond issue in May 2022. Berlin Hyp is the most active issuer of green bonds in Europe in the commercial bank segment. In addition, the reporting year marked the first time that the Bank had more outstanding ESG bonds than conventional bonds.

Locations

Berlin Hyp is headquartered in Berlin. It also has domestic sales offices in Dusseldorf, Frankfurt am Main, Hamburg, Munich and Stuttgart, as well as abroad in Amsterdam, Warsaw and Paris.

Products and Services

Berlin Hyp develops individual financing solutions for its customers. A broad range of products is used to meet customers' requirements. Among other products, this includes fixed-interest loans, reference interest rate

Locations

Germany and throughout Europe

Berlin
Dusseldorf
Frankfurt am Main
Hamburg
Munich
Stuttgart

loans, cash loans and sureties, framework lines, interest hedge products, financing products for construction work (construction enterprises and developers), business current accounts, operating equipment loans and overnight money/term money, as well as valuations and payment transaction services. These enable the Bank to offer a full range of customer care as a real estate financer.

To manage risks and optimise returns, many financing transactions are processed together with partners. For the most part, Berlin Hyp's product range is therefore consequently suitable for syndicates.

Berlin Hyp has launched a range of standardised products consistently tailored to the needs of savings banks, including ImmoSchuldschein, which allows savings banks to make cash investments in senior large-volume real estate financing transactions, ImmoAval, which combines co-liability through a guarantee with simple documentation, ImmoGarant, for which savings banks represent the entire refinancing of a financing transaction against a partial guarantee from Berlin Hyp, ImmoNachrang, which enables savings banks to participate in personal loans for financing transactions as subordinated investors, and ImmoBar, which was introduced in 2023 and is a variant of traditional syndicated financing.

Since spring of 2023, and in line with the strategic orientation of the Bank, all Immo products have been offered via the ImmoDigital portal solution, which was newly developed in 2020. The Berlin Hyp product portfolio for savings banks also includes standard syndicated financing and investment products such as Pfandbriefe and debentures. Berlin Hyp continually analyses its product and service portfolio with the aim of establishing its position over the long term as a partner to the savings banks for all products and services relating to the real estate sector.

The sales structure is decentralised and targeted to meet the needs of the savings banks in order to strengthen the group philosophy. Regional savings bank advisers advise the savings banks from the Bank's branches in Düsseldorf, Frankfurt am Main, Munich and Stuttgart. An advisory board consisting of the boards of selected savings banks in all S-Group regions advises Berlin Hyp twice a year on all issues relating to the S-Group business.

OnSite ImmoAgent GmbH, a company founded by Berlin Hyp, provides commercial real estate inspection services on the market for both savings banks and third parties.

Sustainability is a central aspect of Berlin Hyp's company strategy. Since 2015, Berlin Hyp's value chain has included an additional important element of sustainability – Green Bonds for the refinancing of green assets. They thus offer investors added value beyond the creditworthiness of the bank and its cover funds. Green Bonds are issued in the form of Green Pfandbriefe and Green Senior Unsecured Bonds. The foundation for the sustainable capital market products the bank issues are Berlin Hyp's sustainable financing products, also known as Green Loans. The financing of green buildings, among other things, represents an element of the bank's sustainability activities that relates directly to its core business, commercial real estate financing.

Medium and long-term refinancing is generally carried out by issuing mortgage Pfandbriefe, as well as through unsecured issues.

Objectives and Strategies

The Berlin Hyp Board of Management has summarised the medium to long term company strategy in a strategy document. The Berlin Hyp business strategy contained in this document is closely linked to the LBBW business strategy and forms the binding strategic framework for the Bank's business activities. It also serves as the basis for the functional strategies and operating targets the Bank has developed and set. The strategic guiding principles maintain their validity. The strategy and the performance indicators are verified and, if required, modified in the annual strategy review process.

Berlin Hyp pursues two mayor strategic goals:

1. Berlin Hyp is the most modern commercial real estate financier in Germany.
2. Berlin Hyp is an S-Group partner of the German savings banks.

The Most Modern Commercial Real Estate Financier in Germany

IAs part of its innovation agenda, Berlin Hyp is pursuing the consistent implementation of its digitalisation and innovation activities. In this regard, important elements, on the one hand, consist of large-scale internal projects that aim to digitise and partially automate the Bank's key business processes along the value chain and make them data-driven. In addition, Berlin Hyp is, according to its own assessment, actively involved in the digital real estate ecosystem. Together with innovative companies, start-ups and established product suppliers and business partners, the Bank is also testing new business models and technologies as well as additional product and service offerings for its customers and its own operations.

As an active strategic investor, Berlin Hyp participates in selected companies while also entering into strategic partnerships. Wherever revenue potential exists, this approach allows the bank to tap into additional earnings potential adjacent to the core business of real estate financing.

Moreover, its strategic goal of becoming the most modern real estate financier in Germany also involves the achievement of specific sustainability objectives. Berlin Hyp positions itself on the market as a sustainable company, and thereby takes a leading position (sustainability rating ranking) in the industry. In line with its view of itself as a sustainable financial services provider, Berlin Hyp feels bound by the climate targets set by the EU and the Federal Republic of Germany. The bank's understanding of sustainability is intentionally broad here: For Berlin Hyp, sustainability means not only reducing its own carbon footprint, but also promoting, simplifying and financing the transition to a sustainable economy and in this manner contributing to the transformation that is currently under way – not only in terms of ecology but also with regard to the economy and society as a whole.

Within this context, Berlin Hyp adopted a far-reaching sustainability agenda in 2020. In line with the Bank's commitment to sustainability, the ESG vision, which focuses holistically on four dimensions in the future, was set as early as the 2021 financial year:

1. Sustainability in business operations
   Berlin Hyp plans to continuously reduce the adverse environmental effects of its business operations and thus reduce its carbon footprint as much as possible. It also considers itself a responsible employer.

2. Sustainable business portfolio
   Berlin Hyp believes that focusing its business portfolio on sustainability holds the key to achieving its defined sustainability targets. The Bank has set itself the goal of helping its customers transform buildings into more energy-efficient and sustainable properties. Berlin Hyp is committed to doing its best to make sure its overall loan portfolio does not exceed the 1.5-degree pathway defined by the Carbon Risk Real Estate Monitor (CRREM), which specifies publicly accessible and science-based CO_2 limits for real estate and ensures compliance with the Paris Agreement. To this end, plans call for the establishment in future of

Objective by 2025

1/3

share of green buildings in the real estate portfolio a portfolio and price control system that is optimised in terms of its CO_2 intensity and extends along Berlin Hyp's CREEM-defined decarbonisation target paths.

3. ESG risk management
   Berlin Hyp is currently integrating ESG risk criteria into existing risk management systems and processes in order to ensure that all opportunities and risks associated with its business activity can be identified and systematically controlled. With the same goal in mind, the Bank is also continuously further developing its risk management organisation in accordance with regulatory standards and recommendations. Here, the qualitative and quantitative methods for measuring and controlling ESG risks will address both financial and non-financial risks. In addition, suitable ESG metrics with defined limits or threshold values, as well as lower limits, are being incorporated into Berlin Hyp's risk appetite and monitored in the context of the overall risk report.

4. Transparency and ESG capabilities
   Berlin Hyp is seeking to maintain a continuously high ESG transparency through its external ESG reporting, which is to be governed by market standards. In addition, the Bank plans to gradually integrate sustainability aspects into its normal ongoing business processes. In addition to its own activities, Berlin Hyp is also actively involved in continuing to develop sustainability standards in the real estate and finance industry.

Through the ambitions and measures defined for each individual dimension, Berlin Hyp wants to make an important contribution to the development of a future-oriented and sustainable real estate sector.

S-Group Partner of the Savings Banks

As an S-Group partner of the savings banks for commercial real estate financing, Berlin Hyp applies its expertise and develops its portfolio of products and services consistently in line with the needs of the savings banks. In this manner, the bank contributes to the success of the Sparkassen-Finanzgruppe and is positioning itself for the long term as a partner and service provider for all aspects of real estate. The introduction of the "ImmoDigital" platform in 2020 created a basis for offering a single point of entry for savings banks in the S-Group business through which all financial investment activities in the S-Group business can be handled. This also underscores the Bank's self-image as a driver of innovation in the group.

Management System

Berlin Hyp's business policies are managed onthe basis of an annual strategy and planning process, in compliance with regulatory requirements and the risk strategy approved by the Board of Management. The management is therefore risk and value-oriented, and is generally based on the process stages of planning, implementation, assessment and adjustment. The central management tools are the financial statements and budgets, the financial and risk reports, as well as liquidity, new business and portfolio reports as prepared in accordance with German commercial law and regulations. Management and controlling activities also take into account key performance indicators as defined in the International Financial Reporting Standards (IFRS). Potential deviations and their causes are continuously analysed on the basis of budget/actual comparisons.

Financial Performance Indicators

Berlin Hyp has defined the following financial performance indicators as being most important for the management of its business activities:

- → Net income for the year
- → Net interest and commission income
- → Cost-income ratio: ratio of operating expenditure to net interest and commission income, plus other operating income
- → Return on equity: ratio of profit before income tax, plus the change in the special item for general banking risks pursuant to Section 340g of the German Commercial Code (HGB) and the average balance sheet equity including the special item for general banking risks pursuant to Section 340g HGB.
- → Common equity tier 1 ratio: ratio of Common equity tier 1 capital allocable under regulatory requirements to the total risk-weighted assets
- → New lending volume

Other supporting financial performance indicators are also used in management and controlling activities – for example the liquidity coverage ratio (LCR), the leverage ratio (LR) and the IFRS-based indicators of RWA proceeds productivity and operational sales performance.

Non-Financial Performance Indicators

Berlin Hyp is committed to the goals of the Paris Agreement and the climate targets of the Federal Republic of Germany. As a result, the Bank's decarbonisation project in 2023 established the foundation for taking financed emissions into account when managing the business portfolio in future. Given the fact that sustainability aspects relating to the core business of commercial real estate financing will play an even more important role in the Bank's business activities in future due to regulatory requirements and the Bank's strategic targets and objectives as well, Berlin Hyp simultaneously decided to no longer view the two indicators of "Acquisition of new customers" and "S-Group business" as the most important indicators in future, but instead as supporting indicators.

As a result, the bank has defined the following non-financial performance indicator as being most important for the management of its business activities:

- → Financed emission intensity in the business portfolio: Emissions per area of financed properties, weighted by financed area.

Other supporting non-financial performance indicators are also used in management and controlling activities – for example the market-based target portfolio (compliance with defined risk limits for asset classes and regions) and employee capacity measured in FTEs (full-time equivalents). In terms of sustainability, supporting non-financial performance indicators include the share of green buildings in the financing portfolio, the capital market ESG funding mix and the Bank's sustainability ratings.

We will address the most important financial and non-financial performance indicators in more detail, particularly in the Economic Report.

Additional sustainability-related performance indicators and the financed emission intensity in the business portfolio, and the development of both, can be found in the non-financial statement in the Management Report.

II Economic Report Macroeconomic and Sector-Related Underlying Conditions

Macroeconomic Development[1]

The development of the global economy was more robust in 2023 than would have been expected in light of the drastic tightening of monetary policy in response to the tremendous increase in inflation. Gross world product increased by approximately four per cent in the year under review. The development of the advanced economies was much less dynamic than was the case with the emerging markets.

As was expected, the eurozone recorded only weak growth in 2023 (approx. 0.5 per cent), which was considerably lower than the figure recorded in 2022. Although inflation was lower in the reporting year, it nevertheless remained at a high level. As was mentioned, monetary policy was quite restrictive, which in turn led to unfavourable financing conditions. Eurozone exports also did little to help the overall situation during the reporting year.

All of the aforementioned negative factors led to a noticeable decline in GDP growth in Germany as well. Still, the decrease was not as severe as had been anticipated, as growth was only slightly negative (approx. -0.1 per cent). The biggest declines were recorded for private consumption and exports. Investment expenditure in all segments (buildings, machinery and other equipment) stagnated at a low level.

[1] Sources for macroeconomic underlying conditions: Kiel Institute for the World Economy (IfW), IDW.
[2] Sources for industry development: ECB, CBRE, DEKA, IREBS, Savills.

Sector Development[2]

Stock markets developed positively during the first half of 2023, despite various uncertainties such as the ongoing war in Ukraine, concerns about a recession, and ongoing restrictive monetary policies on both sides of the Atlantic due to excessively high inflation rates. This was followed, however, by significant price corrections on the capital markets during the second half of the year. Declining inflation rates and the associated hopes for a reduction of interest rates then caused share prices to rise in the USA and Europe in the last quarter of 2023, with both the DAX and the Dow Jones reaching new all-time highs as a result. The DAX finished the year (31 December 2023) at 16,752, which was close to its high for 2023 as a whole. The Dow Jones closed the year at 37,690. In terms of the year as a whole, these figures correspond to an increase of 19 per cent and just under 14 per cent, respectively.

After ten consecutive increases in the key interest rate, the Federal Reserve finally took a break from interest hikes in July and left the key interest rate at 5.25 – 5.50 per cent at the end of the reporting year. The European Central Bank continued its restrictive monetary policy, as core inflation remained high in the eurozone during the year under review. As the year progressed, the ECB successively increased its interest rates from 2.0 to 4.0 per cent (deposit facility rate) and from 2.5 to 4.5 per cent (main refinancing operations rate). As inflation began to subside later in the year, the ECB decided to leave key interest rates unchanged in October 2023 – which marked the first time it had done so since July 2022.

During the first quarter of 2023, the ECB pulled back from its role as an active purchaser on the bond market. Then, in July 2023, it ended all reinvestment of maturing bonds in the APP portfolio, thereby also bringing to an end the third Covered Bond Purchase Programme, which had played an important and influential role on the covered bond market over the past few years.

Inflation figures and the significant increases in interest rates implemented by the biggest central banks became particularly apparent at the beginning of 2023 in the form of sharply increasing yields, and also greater market volatility. Yields then fell rapidly in the fourth quarter of 2023. This development was due to declining inflation rates and more optimistic inflation expectations, as well as the resulting interest rate reductions by the FED and ECB, which occurred more quickly than expected and were also more substantial than what had been anticipated.

After reaching its highest level (3.45 per cent) on 28.09.2023, the 5-year swap rate fell to 2.43 per cent on 31.12.2023. The 10-year swap rate ended the year at 2.49 per cent. German government bonds generally displayed a similar trend. The significant decline in yields towards the end of the year led to yields on 2-year and 10-year German government bonds to end 2023 close to their lowest level in the reporting period. Year-end yields here amounted to 2.40 and 2.02 per cent, respectively.

The relevance of covered bonds remained high for both investors and issuers during the reporting year. With a total issue volume of €188.6 billion, the volume of syndicated new issues was slightly lower than the record level from the previous year (2022: €201.1 billion). Shorter terms (up to five years) were dominant here, not least due to the ongoing inversion in this part of the swap curve.

The high volume of emissions, combined with the withdrawal of the ECB from its role as a purchaser on the bond market, as well as the altered interest rate environment, led to a repricing in the covered bond segment starting at the beginning of the year, whereby the widening of spreads became significantly more dynamic in the second half of the year in particular. The trend of higher risk premiums could be observed across all the various jurisdictions, although the differences between individual jurisdictions and issuers increased.

In this connection, the German Pfandbrief was able to further consolidate its position as the most stable product in this asset class. The spreads of senior unsecured bonds increased slightly during the reporting year, whereby the development of the spreads of senior unsecured bonds was more pronounced than that of covered bonds in the first half of the year. The iBoxx € Banks Senior Preferred increased by 4.0 basis points as compared to the beginning of the year, while the spread of the iBoxx € Banks Senior Bail-In increased by 4.8 basis points.

The new issue volume of sustainable bonds worldwide has been declining since the record year in 2021 (USD 1.175 trillion): during the reporting year, a total volume of USD 807 billion (2022: USD 904 billion) in green bonds, social bonds, sustainability bonds and sustainability-linked bonds were issued.

The year 2023 was marked by a higher level of inflation in the eurozone, as well as ongoing key interest rate hikes in the first nine months of the year, and weak economic development. Nevertheless, the interest rate environment began to display greater stability in the fourth quarter of 2023, as the ECB did not raise key interest rates any further during its meetings in October and December. This situation, along with the recent decline in interest rates for construction financing, led gradually to an ever-higher level of planning reliability in the real estate investment market towards the end of the year.

At the same time, discrepancies between price expectations of buyers and sellers were very apparent throughout the year and were reflected in the low transaction volume recorded in 2023. The investment market for commercial real estate and for commercially traded residential real estate in Germany had a transaction volume of around €28.6 billion in 2023, a decline of approximately 57 per cent from the previous year (€66.6 billion).

Unlike the case in the years before and in part during the COVID-19 crisis, office real estate was no longer the most popular form of property for real estate investors in 2023. In terms of transaction volume, office properties ranked fourth in 2023, after logistics, residential and retail properties. Along with the structural transformation that is leading to hybrid work environments (work in offices and from home), the weak economy in Germany as compared to its European neighbours has also had a negative impact on the office real estate segment. On the one hand, the amount of capital invested in office properties declined by approximately 77 per cent to €5.3 billion in 2023 (previous year: €23.5 billion), while on the other hand, the rental markets – as recorded in the five German A cities* – finished the year with a take-up volume of 2.1 million square metres, which was the lowest volume recorded since 2009. Many companies still do not have any clear strategies with regard to the new culture of work, how to structure jobs and workplaces, and the amount of space they need as a result. New rentals are thus being put off in many cases – and leases are instead being renewed or extended to a greater degree than is normally the case. In 2023, the total volume of lease renewals/extensions expressed in square metres reached its highest level in ten years. At the same time, the further increase in the highest rents charged for offices in the top 5 locations (and in central locations within these) during 2023 indicate excess demand in relation to supply (despite the current "relocation fatigue") in the case of modern office spaces that tend to be of higher value and are also ESG-compliant. The resilience of the office sector in the top locations is also confirmed by the figures for vacancy rates: although the average vacancy rate for Germany's five A cities increased to 6.3 per cent at the end of 2023 and was thus 1.7 percentage points higher than the figure recorded in the previous year, the average vacancy rate of 4.6 per cent for the central business district (CBD) locations in these five A cities was much lower, and its increase of 1.2 percentage points was lower than the increase recorded in 2022.

With a transaction volume of approximately €6.9 billion, the logistics property market attracted more investment capital than any other real estate segment in 2023, although this relatively solid result also reflects a decline in revenue of 34 per cent (previous year: €10.6 billion). The fact that this decline in revenue was not any higher has to do in part with the significant increase in the highest rents charged for new rentals and renewals/extensions. In other words, despite higher net initial yields, the net present value of logistics properties appears to be relatively robust and thus attractive. One key reason for this favourable development for investors is the ongoing shortage of space (supply side) in established logistics regions – the potential for new greenfield development is very limited due to restrictive regulations on soil and surface sealing. As a result, robust demand for modern spaces with high energy-supply standards could not be met by what was an insufficient supply of space, and this demand therefore increasingly shifted to less well established regional markets along international transport corridors. At the same time, the logistics property segment continued to benefit from increasing digitalisation and the growth of online retail operations.

Transaction volume for commercially traded residential real estate amounted to approximately €5.7 billion in 2023 (previous year: €13.8 billion, corresponds to a decrease of 59 per cent). This was the second-highest transaction volume among all types of real estate. In a situation similar to that brought about by the low vacancy rates for logistics properties throughout Germany, the residential real estate investment market is benefiting from a low level of vacancies in combination with higher rents in major cities and the simultaneous decline in new residential construction. Increased construction costs for residential buildings (prices in November 2023 were more than four per cent higher than in November 2022), are making it significantly more difficult to build new (relatively low-cost) housing, which in turn offers investors potential in terms of rent increases in future. Moreover, the higher interest rates in the construction industry at the moment are making residential properties unaffordable for many households, which means that additional demand will be generated on the rental-apartment market, where demand has already increased due to the current high level of immigration.

Retail properties stand out through the great variety of businesses that operate in them. All in all, transaction volume in the retail property segment totalled €5.4 billion in the reporting year, which corresponds to a decrease of approximately 43 per cent (previous year: €9.4 billion). This decline was largely due to developments in the specialist shop and food retail segments (including local retail and specialist centres). These segments accounted for 59 per cent of total investment volume, which was 11 percentage points higher than the corresponding figure for 2022. The shopping centre segment displayed very little dynamic development in 2023 on the other hand, as structural upheavals in the user market, stringent design and construction requirements for properties, the high transaction volume in this sub-segment to begin with, and generally more restrictive financing conditions all served to inhibit investment activity. In addition, dampened consumer sentiment and a loss of purchasing power in real terms in 2023 led to a drop in retail sales, which in turn caused investors to lose confidence in retail properties (with the exception of the local retail segment).

The mood in the hotel real estate segment in 2023 was relatively positive as compared to the other segments. Although the amount of capital invested in hotel properties decreased by 24 per cent, from €1.9 billion in 2022 to just under €1.5 billion in 2023, this decline was nevertheless the lowest among all types of real estate. Hotel occupancy rates did not recover in 2023 to the extent that the pre-COVID level from 2019 was exceeded, but the average nationwide room price in Germany was in fact 14 per cent higher than in 2019. In this sense, average revenue per available room (RevPAR) was higher in 2023 than in 2019. At the same time, this positive development was accompanied by increases in the cost of energy, personnel and various goods. The inflation that has led to these higher costs not only adversely affects the operating business; it also inhibits the development of hotel projects through its impact on financing costs and the cost of building materials. At the same time, from an investor's point of view, the foreseeable lack of new hotel construction projects makes the existing properties more attractive, meaning that these might increasingly come into play in future.

Business Development

New lending

including long-term extensions

€ 5.1 billion

Difficult underlying conditions made the 2023 financial year particularly challenging for the banking industry. In particular, the effects of geopolitical conflicts such as the ongoing Russia-Ukraine war and the new military conflict in the Middle East, as well as restrictive monetary policies and noticeable price increases, are having a negative impact on the real economy and have led to declining transaction volumes on the commercial real estate market.

Despite this difficult environment, Berlin Hyp was once again able to achieve success and further strengthened its position as one of the leading real estate and Pfandbrief banks. With profit before income tax in the amount of €123.9 million, the previous year's figure was exceeded[3] by nearly 25 per cent.

The effects of the crisis in the real estate sector became particularly apparent in the core business in the form of negative rating changes, the inclusion of exposures in the increased support in the back office and the need to make additional valuation allowances. Berlin Hyp regularly analysed the potential of property types affected by the negative developments, as well as the associated financing, and then discussed its findings within the framework of task forces. Defaults occurred only in specific cases, whereby this was due to the conservative risk strategy and the high share of financing in good and very good rating classes. In order to be able to address any possible intensification of the crisis, the Bank further increased the model adjustment to a total of €131.8 million as part of the lump-sum value adjustments. The special item pursuant to Section 340g of the German Commercial Code (HGB) was also further strengthened by the addition of €50.0 million.

In 2023, Berlin Hyp continued to pursue the objective of becoming the most modern real estate financier in Germany. Along with several implementation projects necessitated by regulatory requirements, the areas of focus in the financial year included further digitalisation of the core processes, the continuous modernisation of the IT system environment, the implementation of measures to ensure compliance with the requirements of the 7th MaRisk amendment and the ongoing integration of ESG into business operations in accordance with the ESG implementation agenda. The latter includes the further expansion of the ESG product range within the Sustainable Finance Framework and the expansion of the risk methodology in the ESG context. With regard to the decarbonisation of the real estate industry, Berlin Hyp initially launched a decarbonisation project in the fourth quarter of 2022 and then began executing it in 2023. The measures necessitated by the findings are being implemented in 2024. Detailed information on the decarbonisation project can be found in Section 1.2 of the non-financial statement. Further Bank activities in the ESG context included the implementation of measures to ensure compliance with regulatory requirements resulting from the ECB thematic review and the 7th MaRisk amendment.

The Bank expanded the scope of application for the system for analysing and processing loan applications, which was developed in-house and was launched in 2022. As a result, it is now possible to depict virtually the entire range of real estate financing using this internal platform. In addition, key components of portfolio analysis and processing were integrated into the system in 2023 and the new release is to be made available to users at the beginning of 2024. The KYC tool that was developed for first-time legitimation and identification of customers was transferred into production in the first half of 2023 and has been continuously optimised ever since. The expansion of the tool's features will increase the benefits for customers and also improve internal processes in 2024. The ImmoDigital platform enjoyed greater acceptance in the savings bank sector in 2023 and the Bank's internally developed Syndication Hub was also launched in the reporting year. With these two developments, Berlin Hyp is now able to externally place

[3] The period-specific year-on-year comparison figures (pro forma figures) relate in each case to the entire 2022 calendar year and result from the addition of the figures from the two short financial years (01.01.2022 to 30.06.2022 and 01.07.2022 to 31.12.2022). No required adjusted entries were made during the year, as any associated changes were by their nature of minor importance.

financing with interested partners in a very efficient and effective manner. We continue to believe that ensuring the central availability of data while maintaining high quality standards is a key factor in terms of being able to respond flexibly and quickly to customer requests and regulatory requirements.

Digitalisation also continues to move ahead with regard to Corporate Centre processes. One example here is the new HR Suite, which was launched on 1 January 2024. The launch improved existing employee self-service and management self-service processes and digitalised new and previously analogue processes such as the one used to register for qualification measures. These activities have not been completed yet, as further process digitalisation measures are currently being planned. Following the successful conclusion of the acquisition process, various cultural initiatives were further pursued within the framework of integration into the LBBW organisation. These include the B-One Lunch, the “Talks with Managers” series and the junior staff network. Joint Best Practice Days were also organised in order to strengthen the feeling of togetherness. In addition, Berlin Hyp employees were invited to attend the LBBW staff party and were also invited to participate in additional internal events and activities. A women’s network and the “Brave” LGBTTIQ network were established in order to support diversity, inclusion and equal opportunity, and other networks and formats were also created with the same goal in mind. Diversity was a focus of various internal activities as well. For example, transparency was established with regard to planned, launched and ongoing diversity measures, which were also prioritised.

In view of regulatory and strategic requirements especially, the organisational structure as well as job descriptions and associated requirements are continuously reviewed and, where necessary, adjusted as needed. During the reporting period, the focus here was on ESG, risk IT, digitalisation, regulatory requirements and IFRS compliance.

With regard to the construction of our new headquarters, the building shell work was completed as the year progressed and the topping out ceremony was held in October. The façade was then closed on schedule at the end of the year, and finishing and extension work has also begun. At the same time, the effects of the COVID-19 pandemic, the war in Ukraine and the associated supply chain issues, price volatility and inflationary tendencies continue to present challenges for the construction project, although the situation in general improved somewhat throughout the course of the reporting year.

At the reporting date of 31 December 2023, the Bank continued to hold three strategic investments with active business operations: the company OnSite ImmoAgent GmbH, which was founded by Berlin Hyp and in which another strategic investor is involved, 21st Real Estate GmbH, which, however, was sold to a property appraisal company in the Scout24 Group on 22.12.2023 (with economic effect after the reporting date), and the Bank’s interest in the venture capital fund PropTech1 Fund 1 GmbH & Co. KG. Additional opportunities for investments will also be continuously examined in future within the framework of our efforts to explore new business approaches and potential strategic cooperation projects along the CRE financing value chain.

New Lending Below the Previous Year’s Level

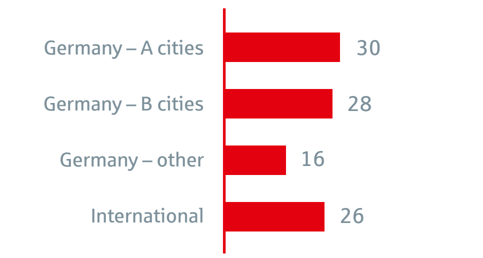
Berlin Hyp recorded contracted new lending in the amount of €2.9 billion for 2023, which was significantly below the result from the previous year (€5.8 billion). With realised extensions (capital employed ≥ 1 year) of €2.2 billion (previous year: €1.1 billion), this put the total new lending volume at €5.1 billion (previous year: €6.9 billion). Despite the ongoing market uncertainties, this figure is still at the planned level.

A total of 74 per cent of the new lending volume[4] recorded by Berlin Hyp in 2023 (previous year: 69 per cent) was accounted for by domestic properties, with 30 per cent

[4] Contracted new lending, excluding extensions.

(previous year: 45 per cent) of these in A cities, 28 per cent (previous year: 16 per cent) in B cities and 16 per cent (previous year: eight per cent) in other locations in Germany. 26 per cent (previous year: 31 per cent) involved the financing of properties abroad. These were distributed across the lending regions of Netherlands at 15 per cent (previous year: 12 per cent, Poland at seven per cent (previous year: nine per cent), France at two per cent (previous year: ten per cent) and Belgium at two per cent (previous year: zero per cent).

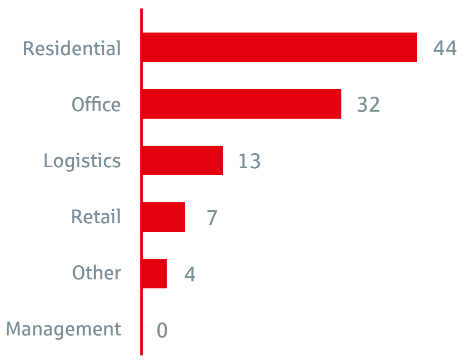
Regions
in %



At 60 per cent (previous year: 73 per cent), most new lending[4] related to the investors customer group. Another 16 per cent (previous year: 20 per cent) was realised with developers and builders. Contracts with housing societies accounted for 24 per cent (previous year: seven per cent) of new business[4].

New lending[4] is broken down by property type as follows:

Property types
in %



[4] Contracted new lending, excluding extensions.

Public Sector Lending Unchanged

The Bank no longer actively pursues new public sector lending in accordance with its strategy. As in previous years, no new loans were issued in 2023. The loan volume remained unchanged at €0.4 billion and will gradually decline as and when individual loans become due.

S-Group Business Remains Stable

The total volume of S-Group business conducted with S-Group partners in the 2023 financial year amounted to more than €1.2 billion (previous year: €1.3 billion). This corresponds to a share of 24 per cent of the Bank's total new lending. The exposure to savings banks in connection with joint financing amounted to €4.4 billion (previous year: €4.3 billion) as at 31.12.2023. This corresponds to a share of 13 per cent (previous year: 13 per cent).

The number of business relationships with savings banks increased further with 178 institutions (previous years: 170 institutions) from all S-Group regions. At the end of 2023, 100 of these institutions were using the ImmoDigital platform.

With the introduction of a new version in spring of 2023, all Immo products for savings banks are now being offered via the ImmoDigital platform and all associated processes are now digitalised as well.

Refinancing Guaranteed at All Times

Medium and long-term refinancing is generally carried out by issuing mortgage Pfandbriefe and unsecured bonds. During the reporting period, the Bank borrowed approximately €4.8 billion in capital using these instruments. The Bank had market access at all times. With a total of seven benchmark transactions, five denominated in euros and two in Swiss francs, the Bank was a regular issuer on the syndicated bond market. The Bank celebrated yet another premiere in January 2023, when it placed its first ESG dual tranche, consisting of a long three-year Social Bond and a ten-year Green Bond. With 19 outstanding benchmark issues, Berlin Hyp remains the most active issuer of green bonds in the commercial bank segment.

Equity Position Strengthened through Further Additions

The common equity tier 1 ratio is 15.4 per cent (previous year: 13.7 per cent) and the total capital ratio is 17.1 per cent (previous year: 15.5 per cent), taking into account the approval of the annual accounts. By reinforcing the special item for general banking risks in accordance with Section 340g of the German Commercial Code (HGB) with an additional €50.0 million (previous year: €75.0 million), the Bank was able to increase its capital ratios despite lower risk assets. The common equity tier 1 ratio achieved by the Bank exceeded its forecast from the previous year. The Bank also continues to comply with the additional capital coverage requirements as stipulated by the supervisory authorities.

Earnings Situation

Operating result
(after risk provisioning)

€ 175.4
million

The acquisition of Berlin Hyp by LBBW, with effect from 1 July 2022, resulted in two short financial years in the 2022 calendar year. The period-specific year-on-year comparison figures (pro forma figures) relate in each case to the entire 2022 calendar year and result from the addition of the figures from the two short financial years (01.01.2022 to 30.06.2022 and 01.07.2022 to 31.12.2022). No required adjusted entries were made during the year, as any associated changes were by their nature of minor importance.

Significant Increase in Profit Before Income Tax

Berlin Hyp recorded profit before income tax of €123.9 million in the 2023 financial year. This was significantly above previous year's figure of €99.7 million.

The reasons for this development of profit are described in the following sections.

Significant Increase in Net Interest Income

Compared to the previous year, net interest income increased significantly by €42.3 million to €498.3 million. This positive development was mainly due to an increase in the average mortgage loan portfolios of €2.1 billion, with stable margins in the core business. One-time earnings of €45.2 million (previous year: €35.6 million) resulted from the closing of the swap options that are no longer required to hedge termination rights in accordance with the German Civil Code (BGB), as well as from the closing of additional derivative items.

Decrease in Net Commission Income

Compared to the previous year, net commission income decreased by €5.6 million to €18.2 million. The key components of the net commission income calculation are commission income from the lending business (which, like new lending, was lower than in the previous year) and expenditure for sureties and credit brokerage. Furthermore, additional credit processing fees are distributed in the interest margins over the term.

Almost No Change to Operating Expenditure

Operating expenditure comprises staff expenditure, other operating expenditure, depreciation on tangible fixed assets and amortisation of intangible assets. At €207.0 million, operating expenditure was only slightly above the previous year's figure of €206.6 million.

Compared to the previous year, staff expenditure increased by €2.8 million to €93.7 million. This moderate increase was due an increase in workforce numbers and salary adjustments.

Other operating expenditure amounted to €99.8 million and was thus €5.3 million below the previous year's figure. This decrease was mainly due to a lower bank levy. The part of the bank levy recognised in profit decreased to €16.4 million (previous year: €25.5 million). For the first time, Berlin Hyp took the opportunity to cover 22.5 per cent or €4.7 million of the payment amount with an irrevocable payment obligation to the Single Resolution Board. Other key elements of other operating expenditure are legal and consulting costs, IT expenditure and building and premises costs. Due to the ongoing process of teaming up with LBBW and the implementation of strategically essential projects, other operating expenditure, adjusted for the bank levy, rose only moderately and within expectations.

Depreciation of tangible fixed assets and amortisation of intangible assets increased by €2.9 million to €13.5 million, whereby this was mainly due to the expansion of digitalisation activities.

Improved Other Operating Result

The other operating result was supported by a settlement payment and amounted to €1.2 million. This was significantly above previous year's figure of -€12.0 million. That result mainly comprised the real estate acquisition tax expenses expected from the sale of Berlin Hyp, as well as further additions to provisions.

Risk Provisions Impacted by Individual Defaults and an Increase to the Model Adjustments

The net allocation to lending risk provisioning, including receipts on receivables written off in the previous year, totalled €152.1 million (previous year: net release of 13.2 million). Despite the conservative risk policy and the high-quality loan portfolio, developments on the real estate markets made it necessary to perform valuation allowances for certain exposures. The effects of the crisis in the real estate sector also became apparent in the form of negative rating changes in some cases. In order to be able to address any possible intensification of the crisis, the Bank increased the model adjustment for valuated loans by €47.9 million to €127.0 million as part of the lump-sum value adjustments. Conversely, as a result of the decrease in irrevocable loan commitments, the reserves for these were reduced by €4.0 million to €4.8 million. A relatively low level of existing provision reserves were reversed. A detailed overview of the development of the lending risk provisioning can be found in the notes.

The result for securities in the liquidity reserves was mainly impacted by positive valuation effects. Net earnings here amounted to €16.8 million. In the same period in the previous year, capital losses resulted in a net expenditure of €99.6 million.

Net Income from Financial Assets Affected by One-Off Effects

Net income from financial assets of –€1.4 million includes an adjustment to the investment book value of 21st Real Estate GmbH. The Bank's financial participation in that company was sold off with effect from 02.01.2024. In 2022, the bank reported zero net income from financial assets.

Further Additions to the Fund for General Banking Risks

The Bank used the positive development of earnings to allocate an additional €50.0 million (previous year: €75.0 million) to the fund for general banking risks pursuant to Section 340g of the German Commercial Code (HGB). This fund amounted to €800.0 million as at the reporting date.

Significant Improvement to Profit Before Income Tax

The Bank recorded profit before taxes in the amount of €123.9 million. This represents an increase of €24.2 million compared with the same period in the previous year.

Income Tax and Net Income

Income tax expenditure for the 2023 financial year amounted to €48.9 million. The acquisition of Berlin Hyp by LBBW led to the termination of the income tax unity and the profit and loss transfer agreement with Landesbank Berlin Holding with effect form 30.06.2022. Taking into account loss carryforwards from the period prior to this termination, income tax expenditure for the previous year amounted to only €28.7 million. Despite the further reinforcement of the special item for general banking risks, net income totalled €75.0 million (previous year: €71.0 million).

Earnings Development	01.01. – 31.12.23	01.01. – 31.12.22	Change	Change
	€m	€m	€m	%
Net interest and commission income	**516.5**	**479.8**	**36.7**	**7.6**
Net interest income	498.3	456.0	42.3	9.3
Net commission income	18.2	23.8	–5.6	–23.5
Operating expenditure	**207.0**	**206.6**	**0.4**	**0.2**
Staff expenditure	93.7	90.9	2.8	3.1
Other operating expenditure	99.8	105.1	–5.3	–5.0
of which expenditure for bank levy	*16.4*	*25.5*	*–9.1*	–35.7
Depreciation on tangible fixed assets	13.5	10.6	2.9	27.4
Other operating income/expenditure	1.2	–12.0	13.2	–
Operating result before risk provisioning	**310.7**	**261.2**	**49.5**	**19.0**
Risk provisioning	**–135.3**	**–86.4**	**–48.9**	**56.6**
Valuation result of lending business	–152.1	13.2	–165.3	–
Valuation result of securities business	16.8	–99.6	116.4	–
Operating result after risk provisioning	**175.4**	**174.8**	**0.6**	**0.3**
Net income from financial assets	–1.4	0.0	–1.4	–
Fund for general banking risks	50.0	75.0	–25.0	–33.3
Other taxes	0.1	0.1	0.0	0.0
Profit before income tax	**123.9**	**99.7**	**24.2**	**24.3**
Income taxes ("–" = earnings)	48.9	28.7	20.2	70.4
Net income	**75.0**	**71.0**	**4.0**	**5.6**

Net Assets Position

Increase in the Balance Sheet Total

Compared to the previous year, Berlin Hyp's balance sheet total (as at 31.12.2023) rose by €1.0 billion to €35.5 billion. The increase in the mortgage loan portfolios on the asset side of the equation, which was in line with the strategy, was accompanied by a slight reduction of fixed-interest debentures.

Changes in Major Balance Sheet Items

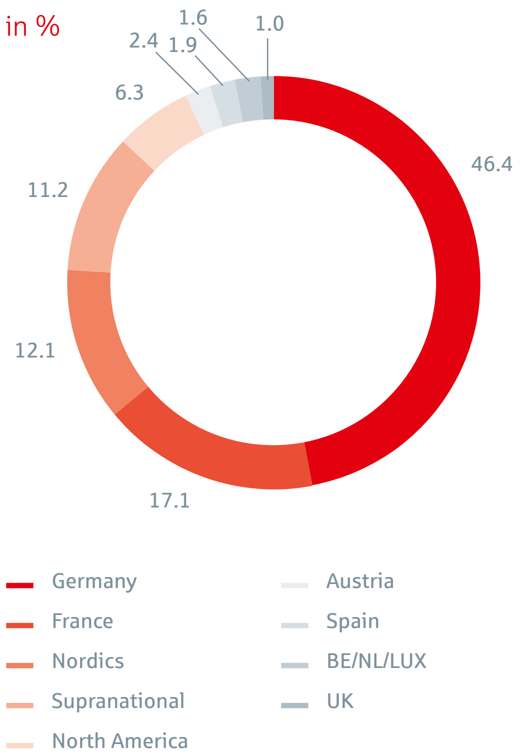
Claims against banking institutions increased by €0.1 billion to €0.3 billion. These mainly consist of accrued interest from interest swaps and fixed-term deposits.

The increase in claims against customers of €1.2 billion to €29.2 billion can be attributed to the positive development of the mortgage loan portfolios. Additions from new lending, which were offset only slightly by planned and extraordinary outflows through early principal repayments, led to a €1.2 billion increase in mortgage loans, to €28.7 billion. The public sector lending portfolio, which is not strategic anymore, remained unchanged at €0.4 billion. The amount of loan commitments not yet disbursed decreased significantly, by €1.3 billion to €2.0 billion in the reporting year.

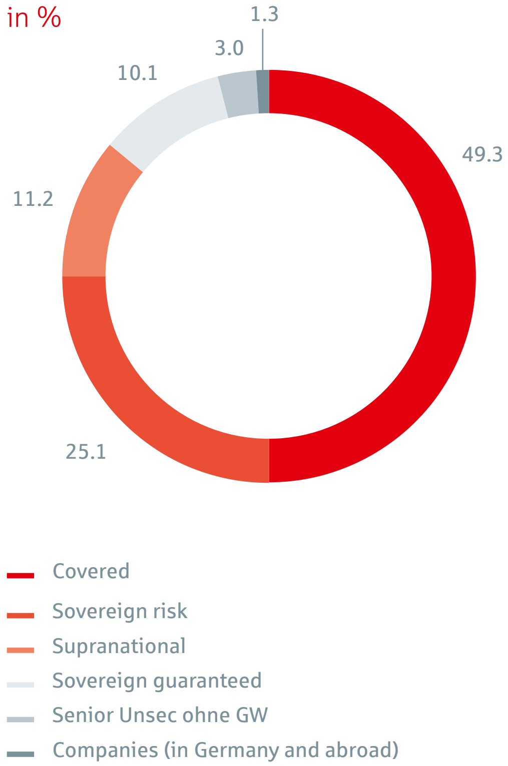
The portfolio of debentures and other fixed-interest securities decreased by €0.3 billion to €5.3 billion. Nominal additions of €1.1 billion were offset by nominal disposals of €1.4 billion. All securities are allocated to the liquidity reserve and are partially used to cover Pfandbriefe issued by the Bank.

As at 31 December 2023, the issuer structure of the securities portfolio was as follows:

Countries
in %



Lending Risk
in %



The decrease in liabilities to banking institutions of €2.1 billion to €2.7 billion was mainly due to the complete repayment of liabilities stemming from the targeted longer-term refinancing operations (TLTRO) of the Deutsche Bundesbank. On the other hand, repo (repurchase) transactions increased by €0.4 billion to €2.0 billion.

Liabilities to customers increased as compared to the previous year – by €1.4 billion to €6.0 billion, whereby this was mainly due to a higher level of fixed-term deposit liabilities. Securitised liabilities to customers increased by €1.0 billion to €23.1 billion. New issues of €7.3 billion were offset by maturities of €6.3 billion.

Equity

Berlin Hyp's subscribed capital amounted to €753,389,240.32 as at 31 December 2023. It is fully paid up and divided into 294,292,672 bearer shares. The shares have a theoretical value of €2.56. Furthermore, the special item for general banking risks pursuant to Section 340g of the German Commercial Code (HGB) was €800.0 million (previous year: €750.0 million) as at 31 December 2023. Subordinated capital of €118.4 million (previous year: €141.1 million) can also be taken into consideration as available under regulatory law.

During the reporting year, the requirements with respect to regulatory capitalisation (CRR II/CRD V, Solvency Regulation) were complied with as at the individual reporting dates. Berlin Hyp identifies regulatory capital backing for counterparty default risk with the aid of the IRB-based approach (internal ratings-based approach). Operational risk is calculated using the Advanced Measurement Approach (AMA). The common equity tier 1 capital after adoption was €1,657.3 million as at 31 December 2023, equity was €1,841.1 million, and overall risk (RWA) amounted to €10,753.2 million. The capital ratios were 15.4 per cent for the common equity tier 1 ratio and 17.1 per cent for the total capital ratio.

The profit and loss account for the financial year in 2023 shows a balance sheet profit of € 75,139,627.43. The Board of Management and the Supervisory Board will propose to the Annual General Meeting that a total amount of € 75,044,631.36 be used to pay a dividend of 25.5 cents per share, with the remaining balance sheet profit of € 94,996.07 to be carried forward to new account.

Additional Performance Indicators

The leverage ratio as determined at 31.12.2023 was 4.5 per cent (previous year: 4.5 per cent). The balance-sheet-oriented minimum requirement for eligible liabilities (MREL) has become relevant for reporting in 2022 based on the decision of the liquidation authority. As a result of the Bank's incorporation into the LBBW Group, the liquidation authority changed the previously valid external minimum requirements for eligible liabilities (MREL) into internally valid requirements in January 2023, and also reduced these. As at 31.12.2023, the internal MREL effective based on the total risk exposure amount (TREA) was 22.2 per cent (previous year: 72.8 per cent – external MREL ratio); the figure based on the leverage ratio exposure (LRE) was 6.5 per cent (previous year: 24.0 per cent – external MREL ratio).

The ratio of net income amounting to €75.0 million and the balance sheet total as at 31 December 2023 amounting to €35.5 billion results in a return on capital of 0.2 per cent as at 31 December 2023.

Financial Position

In the reporting period, the refinancing funds raised amounted to €4.8 billion. Of this total, €3.5 billion were attributable to mortgage Pfandbriefe and €1.3 billion to unsecured bank bonds, which were assumed at very good conditions compared to competitors. Approximately € 533 million in covered and €953 million in unsecured bonds were issued as private placements.

Berlin Hyp began its refinancing activities early in the reporting year, issuing a ESG dual tranche – consisting of a Social Bond and a Green Bond – right at the beginning of January. This combination of bonds with two different types of use of proceeds was a first not only for Berlin Hyp, but also for the European capital market. The Social Bond was issued with a long term of three years, with a re-offer spread of mid-swap +1, and the Green Bond was issued with a term of ten years, with a mid-swap +11. Each bond has a volume of € 500 million. The coupons are 3.0 per cent each. More than 170 investors invested in the bonds, whereby the final order volume was €3.6 billion. Approx. two thirds of the bonds were placed in Germany.

Berlin Hyp subsequently appeared on the eurozone capital market with syndicated bonds three more times during the year under review. After issuing a conventional covered bond in the amount of € 750 million in February, the Bank issued a Green Bond in the amount of € 750 million and a Social Bond in the amount of € 500 million. Berlin Hyp has also established itself as a major player on the Swiss capital market. In the beginning of February and in mid-October, the Bank issued green senior preferred bonds with a volume of CHF 150 million and CHF 100 million, respectively. Berlin Hyp now has more outstanding ESG bonds than conventional bonds (as at the reporting date).

Regarding liquidity management, regulatory requirements were complied with during the entire reporting period, as measured by the ratios LCR and NSFR.

Berlin Hyp’s ratings remained unchanged for all asset classes as at the reporting date. As at the reporting date, Moody’s rated Berlin Hyp’s mortgage Pfandbriefe Aaa with a stable outlook, while the senior preferred and senior non-preferred ratings remained at Aa3 and A2, respectively. Fitch continued to rate the senior preferred and senior non-preferred bonds A and A- respectively. The respective outlooks were evaluated to be stable both by Moody’s and Fitch.

Aaa
from Moody‘s

Pfandbrief issue rating

Refinancing funds[1]	Portfolio without pro rata interest 31.12.22	New issues[2] 01.01. – 31.12.23		Maturities[3] 01.01. – 31.12.23	Portfolio without pro rata interest 31.12.23
	€m	€m	%	€m	€m
Mortgage Pfandbriefe	14,221.3	3,315.0	72.8	1,797.3	15,739.0
Public Pfandbriefe	–	–	–	–	–
Other bearer bonds, non-preferred	2,575.0	–	–	525.0	2,050.0
Other bearer bonds, preferred	3,747.0	220.0	4.8	610.0	3,357.0
Registered mortgage Pfandbriefe	1,620.8	225.3	4.9	181.0	1,665.1
Registered public Pfandbriefe	200.0	–	–	59.0	141.0
Borrower's note loan (Schuldschein), non-preferred	86.7	–	–	21.0	65.7
Borrower's note loan (Schuldschein), preferred	281.6	65.0	1.4	27.5	319.1
Registered bonds, non-preferred	1,202.5	9.6	0.2	19.0	1,193.1
Registered bonds, preferred	195.9	168.0	3.7	–	363.9
Subordinated bearer bonds	–	–	–	–	–
Subordinated borrower's note loans (Schuldscheine)	119.5	–	–	–	119.5
Subordinated registered bonds	108.0	550.0	12.1	–	658.0
	24,358.3	**4,552.9**	**100.0**	**3,239.8**	**25,671.4**

[1] Zero balances.
[2] New issues incl. capitalisation at zeros.
[3] Maturities and early repayments incl. terminations.

Capital market refinancing in foreign currencies[1, 2]	Portfolio without pro rata interest 31.12.22	New issues[3] 01.01. – 31.12.23		Maturities[4] 01.01. – 31.12.23	Portfolio without pro rata interest 31.12.2023
	CHF m	CHF m	%	CHF m	CHF m
Mortgage Pfandbriefe in CHF	200.0	–	–	–	200.0
Other bearer bonds, CHF preferred	605.0	250.0	100.0	–	855.0
	805.0	**250.0**	**100.0**	–	**1,055.0**

[1] Zero balances.
[2] Exchange rate used in the balance sheet as at 31.12.2023: EUR/CHF 0.9260.
[3] New issues incl. capitalisation at zeros.
[4] Maturities and early repayments incl. terminations.

Financial and Non-Financial Performance Indicators

Financial Performance Indicators

Net income developed positively in line with expectations and amounted to €75.0 million as at the reporting date. It was thus €4.0 million higher than in the previous year. Net income for the reporting year includes a further addition of €50.0 million (previous year: €75.0 million) to the special item for general banking risks pursuant to Section 340g of the German Commercial Code (HGB), as well as higher income tax expenditure of €48.9 million (previous year: €28.7 million) due to the termination in mid-2022 of the income tax unity and the profit and loss transfer agreement with Landesbank Berlin Holding AG.

Contrary to what was forecast, net interest and commission income increased significantly in 2023, to €516.5 million, which was €36.7 million higher than in the previous year. This positive development was particularly due to an increase in the average mortgage loan portfolios of €2.1 billion, with stable margins in the core business.

The cost-income ratio improved – from 42.9 per cent to 40.0 per cent. Positive effects here were generated by the increase in net interest and commission income and the improved other operating result, with virtually unchanged operating expenditure. In terms of its planning, the Bank expected a slight increase of the cost-income ratio for the financial year as a whole.

At 10.0 per cent (previous year: 11.3 per cent), return on equity, which also takes into account the allocation to the fund for general banking risks pursuant to Section 340g of the German Commercial Code (HGB), was at the upper end of the target range.

At 15.4 per cent after adoption (previous year: 13.7 per cent), the common equity tier 1 ratio – after the allocation of €50.0 million (previous year: €75.0 million) to the special item for general banking risks pursuant to Section 340g of the German Commercial Code (HGB) – corresponds to the expectations, even taking into consideration the stricter equity requirements according to CRR II/CRD V. As at 30.06.2023, the Bank had forecast a common equity tier 1 ratio of 14.9 per cent and a total capital ratio of 16.5 per cent for 31.12.2023.

At €2.9 billion, new lending volume was at the level of the forecast value and also significantly lower than the figure recorded in the previous year (€5.8 billion). Including long-term extensions in the amount of €2.2 billion (previous year: €1.1 billion) new lending amounted to €5.1 billion (previous year: €6.9 billion). In light of the war in Ukraine and the ongoing difficult market environment, the Bank had anticipated new lending volume including long-term extensions to be at this level in the year under review.

Non-Financial Performance Indicators

Financed emission intensity – the most important non-financial performance indicator – is measured and reported in kg CO_2/m²/p.a. as at the respective reporting date. Together with the defined CRREM reference path for the Bank's real estate financing portfolio, which points the way towards net zero, financed emission intensity forms the nucleus of Berlin Hyp's controlling approach in this area. At the end of 2023, Berlin Hyp's financed emission intensity amounted to 30.0 kg CO_2/m²/p.a. (previous year: 31.0 kg CO_2/m²/p.a.), which is lower than the CRREM reference path. As it moves ahead towards achieving its long-term goal of net zero by 2050 at the latest, the Bank has set a financed emission intensity of 17.3 kg CO_2/m²/p.a. as a medium-term target for 2030. Further information can be found in Section 1.2 of the non-financial statement.

The two indicators of "Acquisition of new customers" and "S-Group business" that were previously viewed as the most important indicators are to be used as supporting indicators in future. The share of new lending with new customers was 39 per cent (previous year: 48

per cent) of the total volume of new lending, which was significantly higher than the expected share of 20 per cent for the 2023 financial year as a whole.

The share of new lending accounted for by business conducted with S-Group savings bank partners and the share of exposure accounted for by exposure to savings banks in connection with joint financing reflect both the Bank's strategic goal of positioning itself as an S-Group partner of the savings banks and its brand core, which is based on partnership. Furthermore, Berlin Hyp strives to expand its product and service portfolio consistently in order to further increase its appeal as S-Group partner. The volume of the S-Group business amounted to €1.2 billion in the reporting year (previous year: €1.3 billion). This corresponds to a share of 24 per cent of the Bank's total new lending. The exposure to savings banks in connection with joint financing amounted to €4.4 billion (previous year: €4.3 billion) as at 31.12.2023. This corresponds to a share of 13 per cent (previous year: 13 per cent).

The number of active business relationships with savings banks increased further to 178 institutions (previous year: 170) from all S-Group regions. A key contributing factor was the successful market launch of the ImmoDigital platform.

For the market segment, the target portfolio has established itself in recent years as a controlling instrument and has been expanded to include aspects relating to return on equity. The following aggregation groups are used to derive the target portfolio: real estate types, customer groups, lending regions and rating classes. The target portfolio targets set were complied with overall in 2023. Individual deviations were analysed and taken into account in the portfolio management. Regular internal research studies are employed to analyse and evaluate Berlin Hyp's markets.

In addition to market conditions, the performance of Berlin Hyp depends largely on its employees. The headcount expressed in full-time equivalents (FTEs) has been used as a non-financial performance indicator since the 2018 reporting year. As at 31 December 2023, the headcount was 586.3 FTEs (previous year: 549.9 FTEs)[5].

Systematic human resource planning is the foundation for the achievement of Berlin Hyp's strategic goals and targets. The HR department is responsible for such planning and also defines the quantitative and qualitative staffing requirements for the various divisions. Strategic resource planning is a means to ensure the functional capability and future viability of Berlin Hyp. To support quantitative and qualitative human resource planning, selected early retirement and severance agreements have been made on the basis of a works agreement and in accordance with the principle of voluntary action by both sides. Positions requiring successors are filled early if at all possible, in order to ensure the transfer of expertise.

Through the financing of sustainable, climate-friendly properties (green buildings), and their refinancing via Green Bonds, Berlin Hyp has actively supported the dynamic development of the market for sustainable bonds since 2015. In 2015, the Bank made its debut with the world's first Green Bond. Now, the volume of outstanding Green Bonds amounts to €7.8 billion. In 2021, the Bank also issued a Sustainability-Linked Bond in the amount of €0.5 billion. In addition, Berlin Hyp has issued Social Bonds with a total volume of €1.75 billion since spring of 2022. As at the reporting date, the total volume of all outstanding ESG bonds amounted to €10.06 billion. The capital market ESG funding mix increased from 33 per cent in 2022 to 37 per cent in the reporting year. The activities on the liabilities side in the area of sustainable finance go hand in hand with the continuous development and implementation of the sustainability targets on the assets side. Berlin Hyp also plans to increase the share of loans accounted for by the financing of green buildings to one-third by

[5] The data foundation for calculating total headcount is the number of "active employees" (excluding the Board of Management, student employees, students in dual study programmes, interns, employees in inactive employment relationships, and other employees on a leave of absence).

2025. This share improved noticeably in 2023, to 35 per cent, which means the aforementioned target for this indicator was achieved (and also exceeded) two years earlier than planned.

The sustainability ratings for 2023 continue to confirm Berlin Hyp's above-average position in the sector. In the second half of 2023, the Bank's MSCI rating of AAA was confirmed. The ESG risk rating by Sustainalytics remained unchanged at 7.1 "negligible risk". The ISS ESG Prime Status rating and overall score of B- maintain their validity. These very good results from the rating agencies document Berlin Hyp's outstanding commitment to sustainability management, honour its investment products (Green, Social and Sustainability-Linked Bonds) and recognise its responsible attitude with regard to people and the environment.

Overall Statement

Given the described difficult underlying conditions and the allocation of €50.0 million (previous year: €75.0 million) to the fund for general banking risks to strengthen regulatory capital, which impairs results, the Board of Management is satisfied with the higher-than-expected earnings performance.

The profit and loss account for the financial year in 2023 shows a balance sheet profit of € 75,139,627.43. The Board of Management and the Supervisory Board will propose to the Annual General Meeting that a total amount of €75,044,631.36 be used to pay a dividend of 25.5 cents per share, with the remaining balance sheet profit of €94,996.07 to be carried forward to new account.

III Forecast, Opportunities and Risk Report
Forecast, Opportunities and Risk Report

The forecast report should be read together with the other sections of this Management Report. The forecast statements contained in the report are based on estimates and conclusions from the information currently available. The statements are based on a number of assumptions relating to future events that have been integrated into the corporate planning process at Berlin Hyp. There are uncertainties and risks regarding the occurrence of future events, many of which are beyond the Bank's control. As such, actual events may differ from the forecasts made in the forecast report.

In particular, it is still not possible at this time to conclusively assess the specific effects of the Russia-Ukraine war, a potential energy crisis and possible second-round effects on the economy, individual markets and sectors. Given the situation, the forecasts presented below are highly uncertain.

In a volatile environment, forecasts can only be made to a limited degree. The main opportunities and risks in the forecasts for the key controlling indicators are presented below. Opportunities are defined as possible future developments or events that may lead to a positive forecast or positive target deviation for Berlin Hyp. Risks are defined as possible future developments or events that may lead to a negative forecast or negative target deviation for Berlin Hyp. The risk types specific to banks are explained separately in the extended risk report.

Assumptions Relating to Macroeconomic Development[6]

Global economic growth in 2024 will likely be somewhat lower than in 2023, but should once again reach a solid level nonetheless. Prices for energy and raw materials, which remain the main causes of inflation, declined during the reporting year, but various geopolitical conflicts and political uncertainties in the USA have led to a greater feeling of insecurity. In this connection, it is also not clear whether inflation rates will remain at their current lower levels. For example, while it can be expected that the sharp decrease in core inflation rates that has also occurred will lead to an easing of monetary policy, there are also increasing indications that central bank interest rate reductions will be implemented later than expected and will also be less substantial than what has been anticipated.

In addition, although the economy in the eurozone will no longer be marked by stagnation in the coming year, there will also be no dynamic increase in GDP growth. Along with the aforementioned uncertainties and feelings of insecurity, the inconsistent economic policy in Europe might also have a detrimental effect on developments.

After recording slightly negative growth last year, Germany is expected to experience moderate growth in GDP over the forecast period. Rising real wages brought about by lower inflation rates should lead to higher consumer spending. At the same time, there are still open questions regarding the upcoming federal budget, and these are causing uncertainty as well. Any cuts that might be made here will likely have a negative impact on the share of GDP accounted for by investment. In addition, while exports are expected to make a positive contribution to GDP, the effect will hardly be noticeable.

Assumptions Relating to Sector Development[7]

Given the decline in inflation, the anticipated continued weak economic development in the eurozone, and a weaker US economy, it can be expected that monetary policy will be eased by the central banks in the USA and the eurozone. Nevertheless, it is not clear whether interest rate cuts will be as extensive as what the market factored in at the end of the reporting

[6] Sources for assumptions relating to macroeconomic development: German Institute for Economic Research (DIW), Kiel Institute for the World Economy (IfW).
[7] Sources for assumptions relating to sector development: CBRE, ifo, Savills.

period, which means that yield increases cannot be ruled out in view of unfulfilled expectations.

Given their current level, the danger of a substantial expansion of the risk premiums on Pfandbriefe and European covered bonds should be limited, although on the other hand a narrowing throughout the course of 2024 is definitely possible. A continued high degree of differentiation with regard to issuers of unsecured bank bonds can be expected in 2024 as well. The chance of noticeable spread narrowing appears to be limited.

Even under demanding conditions, Berlin Hyp expects to be able to gain access to all segments of the capital market on fair market terms.

Given the fact that key interest rates were kept constant by the ECB in the fourth quarter of 2023, and that inflation rates declined towards the end of the year, Berlin Hyp expects that the cycle of interest rate hikes may have reached its high point. This, plus the cautiously positive economic outlook, leads the Bank to assume that the real estate investment market will improve slightly in 2024, particularly in the second half of the year. International real estate brokerage and consulting firms report that negotiations necessitated by discrepancies between the price expectations of buyers and sellers have yet to be concluded.

With all of this in mind, Berlin Hyp considers a transaction volume of € 25 billion to € 30 billion for commercial real estate, and up to € 8 billion for commercially traded residential real estate, to be realistic. For all investment decisions, we must take into account that the ESG compliance of properties, tenants and borrowers – also conditional upon the EU taxonomy guidelines – will become increasingly important, and that for many existing properties for all types of use, high CapEx expenditure will be required in order to comply with ESG requirements.

In addition, actual and anticipated economic growth are currently viewed as particularly uncertain components for the investment market.

In this challenging market environment, real estate investors will continue to focus in 2024 on easily accessible office real estate with a good supply infrastructure and high-quality furnishings and equipment, as well as residential, logistics and hotel properties in economically attractive cities and metropolitan areas. The low level of new construction activity with regard to these types of use plays a key role in the expectation for the 2024 outlook that the excess demand for prime real estate in very favourable locations will continue or even increase, in which case rents and hotel room prices will tend to increase further. As regards retail properties, the Bank continues to believe that food-related retail properties, especially in the discounter segment, will continue to display positive development. The extent to which investors believe that other retail properties will pose a heightened risk will depend heavily on whether consumer sentiment can recover sustainably in the aftermath of weak Christmas sales in 2023.

Business Development

Over the next few years, Berlin Hyp plans to further strengthen its business relationships with the savings banks in the S-Group business and establish “ImmoDigital” as the central sales platform for S-Group products in the Immo product range. To this end, another release of “ImmoDigital” was made available in spring of 2023 that enables all Immo products to be offered, whereby this release will also serve to further intensify business relationships with our S-Group partners.

Due to the regional principle and the individual business focus of each savings bank, the growth rates in market penetration are generally limited. As a result of our business relationships with 178 savings banks (previous year: 170), approximately 50 per cent of all German savings banks are now part of our customer base. The fact that we have not further increased the level of this market penetration does not pose any significant risks to the Bank's business model or business success. At the same time, the further expansion of these business relationships increases Berlin Hyp's chances of permanently positioning itself as an S-Group partner within the Sparkassen-Finanzgruppe.

The public-sector lending business is not part of the Bank's core business and will continue to be hived off.

In consideration of regulatory requirements, earnings potential that arises in the securities portfolio should continue to be used to support net interest income within the framework of a conservative investment strategy.

Berlin Hyp expects net interest and commission income in 2024 to be significantly lower than the impressively high level reached in 2023. This will be due in particular to the fact that the one-off effects resulting from the closing of derivatives in 2023 will likely not occur again in 2024. Berlin Hyp's net interest income is based on stable interest income in its core business resulting from a stable portfolio and portfolio margins. The significant interest rate movements over the last two years continue to have a positive impact on the equity yield. There are opportunities to further strengthen the Bank's market position by leveraging Berlin Hyp's expertise as a commercial real estate financier, which would lead to sales targets as well as net interest income being exceeded. This could be further facilitated by the consistent implementation of the digitalisation strategy. In view of the development of interest rates, a very low level of unscheduled loan repayments and, correspondingly, stable portfolios are expected. Potential risks may arise if the sales targets are not met, for example, due to a downturn in the real estate markets. Cancelled or postponed investments could lead to a decline in demand for commercial real estate financing. In addition, earnings risks arise if, due to renewed stronger competition, only interest margins lower than planned can be agreed in the core business, or if delays in implementing the digitalisation strategy lead to lower business potential than expected.

Given the ongoing challenging and unreliable planning environment, as well as demanding regulatory requirements, Berlin Hyp expects that new business volume in 2024 will likely be at the same level as that reached in 2023. Berlin Hyp bases this assumption on a Group-wide standardisation that uses new lending volume including long-term extensions as the foundation for measuring this performance indicator. Depending on how current geopolitical conflicts develop, and in particular how interest rates develop, real estate markets run the risk of falling short of the plan, although they may again also offer opportunities for a slightly higher level of new lending compared to planning.

The Bank expects that net commission income will likely be significantly lower than the figure recorded in 2023.

Berlin Hyp expects an overall decrease in operating expenditure in 2024 as compared to the previous year. Staff expenditure will be influenced by the positive effects associated with the allocations to pension obligations resulting from rising average interest rates. In addition to the continuing high level of cost awareness and extensive optimisation activities for the adaptation of human resources, strategically essential projects, such as the optimisation and digitalisation of the loan process, the introduction of a new risk IT architecture, the creation of an integrated SAP bank and the construction of the new headquarters, will lead to higher expenditures. The latter will be neutralised over time by lower building management and operating costs. Berlin Hyp's incorporation into LBBW will continue to generate additional costs, although these are expected to be lower than in 2023. Berlin Hyp's headcount is expected to remain constant in the medium to long term based on the current state of knowledge. Since January 2019, resource management in this regard has been essentially based on a company agreement.

Contributions to the European bank levy are calculated by the banking supervisory authority. Berlin Hyp expects that contributions in 2024 will be significantly lower than in 2023.

The cost-income ratio is expected to decrease slightly in 2024. With the results of the successful implementation of projects and other initiated measures, the cost-income ratio is expected to stabilise at its current low level over the medium term.

If the plans for the above-mentioned projects and levies are exceeded, it can have a positive impact on operating expenditure and the cost-income ratio. On the other hand, there is a risk that failure to reach planned objectives, project cost increases, negative interest rate developments or a bank levy set above the previous level will lead to higher operating expenditures and in turn to an increasing cost-income ratio.

Within the framework of a conservative planning approach, and without taking provision reserves into account, Berlin Hyp expects risk provisioning to remain at a significant level in 2024. The global political situation, which remains tense in some cases, is having a noticeable and major impact on economic activity in many markets. In this context, sanctions, disruptions of the raw material supply and disruptions of supply chains may cause negative impacts on the economy and restrictions in the business activities of many companies. Berlin Hyp does not have claims against debtors in Russia, Belarus, Ukraine, Israel or Palestine; therefore the inability of debtors from these countries to pay does not have direct consequences for the risk provisioning expenditures in Berlin Hyp's loan portfolio. However, Berlin Hyp may experience indirect effects on the valuation of the claims from commercial real estate financing. In particular, increasing vacancy rates and further losses in commercial property values could lead to higher risk provisioning expenditure, and there also might be indirect effects on Berlin Hyp's securities portfolio. Increased volatility on capital markets may require additional value adjustments. Berlin Hyp does not hold any securities in its portfolio issued by issuers from Russia, Belarus, Ukraine, Israel or Palestine; therefore the securities portfolio does not cause direct risks.

The forecasts contained in the management report reveal a high degree of uncertainty in view of the dynamics that are emerging. For example, unpredictable and unexpected developments in external macroeconomic, geopolitical and sector-related conditions and developments on the international financial markets can represent opportunities and risks for the risk result of the capital market business. Despite careful planning, a further significant decline in real estate prices, for example, could lead to a deterioration in the creditworthiness of borrowers and also to a reduction in the value of the collateral provided, and could result in a need for additional risk provisioning or valuation adjustments for commercial real estate financing. It is also possible that the need for risk provisioning will be lower than expected if the economic environment is favourable.

Insofar as the effects of the aforementioned risk factors are reflected in sustained economic and capital market pressures beyond current expectations, this could put a significant strain on real estate markets and increase the need for risk provisioning. Furthermore, there could be a decrease in the volume of new business and the number of holdings in the Bank's commercial real estate financing business.

For planning purposes, Berlin Hyp assumes that the operating result after risk provisioning will improve slightly in 2024 compared to 2023, taking into account careful risk provisioning planning and the above-mentioned expectations. Profit before income tax and net income for the year are also likely to be above the previous year's figures,

While a deterioration of the geopolitical situation or global economic development could result in lower-than-expected net income, there is a chance of higher earnings if the overall economic situation develops more positively than anticipated. If developments are worse than expected, net income in 2024 could be significantly lower than in 2023 due to rising risk provisioning expenditures and effects that negatively impact the interest result. Should this be the case, the other key management indicators may also develop less favourably than those shown in the forecast report. There may also be consequences for regulatory capital and the regulatory indicators. Therefore, it cannot be ruled out that the further development of external conditions, and in particular the interest rate environment, may also have a considerable negative impact on risk management parameters.

At the same time, however, there is also a chance that the negative effects of the tense global political situation will prove to be less persistent or milder than what the Bank has currently assessed and taken into account in the forecast. Property markets could therefore take a more positive turn than the Bank currently expects. Factors such as a persistently high demand for real estate due to a lack of investment alternatives could also influence recovery. The resulting higher demand for loans would create opportunities for the Bank to develop new and existing business in its core business area.

Return on equity in 2024 is likely to be slightly higher than in 2023. If net income or the allocations to the special item pursuant to Section 340g of the German Commercial Code (HGB) fall short of expectations, the return on equity will also be lower. Otherwise, there is a chance of a positive deviation from the plan.

At the end of 2024, the Bank expects a common equity tier 1 ratio of 14.3 per cent and a total capital ratio of 15.8 per cent, whereby both figures will be slightly lower than in 2023. Additional stricter regulatory requirements are expected in the coming years, such as the setting of further increasing macroprudential capital buffers. Both the increasing capital requirements and the implementation of CRR III/CRD VI scheduled for 01.01.2025 will also have a strong impact on Berlin Hyp and reduce the Bank's free RWA potential and thus new lending opportunities accordingly.

In addition to further allocations to the special item for general banking risks, the active management of total risk-weighted assets (RWA) will also make a significant contribution to achieving the targeted capital ratios and fulfilling the additional capital requirements as described. Events such as an increase in RWA above expectations as a result of reduced collateral values and rating changes due to the changed economic framework conditions would put the achievement of targets at risk.

In addition, future regulatory interventions may be accompanied by restrictions and therefore by earnings risks, and the implementation of new regulatory requirements by additional operating expenditure. There are also risks from the Bank's membership in the Institutional Protection Scheme of the Sparkassen-Finanzgruppe. As part of compensation and support measures, the institutions in the protection scheme could be required to make special payments, which would put pressure on the Bank's earnings. The same applies to potential obligations to make additional contributions to the restructuring fund for banking institutions. It is currently not possible to predict whether such payments will arise and in what amount.

Overall Statement

Fierce competition in commercial real estate financing, the still volatile capital and financial market environment and the uncertainties regarding the impacts of geopolitical conflicts present major challenges for Berlin Hyp. Against this backdrop, the 2023 financial year was very favourable and thus in general better than expected. The good result was again used to make a further allocation to the fund for general banking risks, thereby strengthening regulatory equity capital.

Along with the considerable potential that can be exploited through its cooperation with LBBW and its ongoing involvement in the Sparkassen-Finanzgruppe, the Bank is also planning to expand its S-Group business further with the Immo product range, and also further strengthen the already expanded ÒImmoDigitalÓ platform – and sees additional opportunities for the Bank in these areas as well.

Berlin Hyp expects profit before income tax in 2024 to be higher than in 2023 and thus remain very positive.

The Board of Management believes that Berlin Hyp remains well positioned for the future despite the increasingly challenging environment and therefore limited forecasts.

Risk Report

Risk Management System

Berlin Hyp's risk management system comprises various tools to deal with risks the Bank enters into and to assess the economic and regulatory (normative) risk-bearing capacity within the framework of the strategy defined by the Bank's Board of Management.

The objective of risk management is to maintain the risk-bearing capacity and compliance with specified minimum ratios through the limitation of economic risks and by establishing upper limits for tied capital.

Berlin Hyp is subsidiary of Landesbank Baden-Württemberg (LBBW).

Risk Management System at the LBBW Group

A number of interlinked principles and rules make up the Group-wide risk management system.

As the superordinate regulation, the business strategy outlines strategic underlying conditions. It defines that the controlled incurrence of risks within the scope of the risk strategy is an elementary aspect of the banking business. Standardised Group risk policies aim to ensure that assumed risks remain acceptable. All companies and organisational units have to ensure that risks are both transparent and measurable under the uniform Group-wide methodology.

The LBBW risk strategies contain details on these requirements. The Board of Management of LBBW is responsible for these, and the members of the Board of Management discuss them with the members of the LBBW Supervisory Board. Compliance with the risk strategies is continuously monitored by LBBW's Risk Control division.

The interface agreement on risk control that was concluded between LBBW and Berlin Hyp defines the framework for operational risk controlling as well as the responsibilities and escalation processes for risk management at the Group. Limit systems and escalation processes are described for each major risk type.

Berlin Hyp Risk Management System

Risk Policy Principles

The aim of risk management is the intentional acceptance of strategic risks in order to gain access to earning opportunities and, in doing so, generate appropriate and sustainable income. Risks are accepted in view of profitability. One parameter used in this regard is return on equity on the basis of regulatory and balance sheet capital. In terms of pricing, the Bank ensures that the revenues are in a reasonable proportion to the risks entered into.

Berlin Hyp's risk strategy is developed in line with the risk strategies at LBBW. The risk strategy is discussed by the Loans Committee and then presented to the Berlin Hyp Supervisory Board for review. The risk strategy is operationalised via medium-term and operational planning. Planning is conducted with consideration of all foreseeable risk and equity effects at the overall Bank level, and compliance with the risk strategy is continuously monitored.

The Risk Control division at Berlin Hyp supports the Board of Management in all risk policy issues, in the development and implementation of the risk strategy and in the design of the system for measuring and limiting risks. The division is essentially responsible for the ongoing monitoring of the risk situation, risk-bearing capacity and compliance with risk limits, as well as regular reporting of the risk situation to the Board of Management and governing bodies.

Documentation of core elements of risk management at Berlin Hyp is centralised in the risk manual. This document contains a complete definition of the risk management process, including methods and processes for identification, measurement, evaluation, management and monitoring of the risks of the Bank. The risk management system encompasses both the evaluation of risks in accordance with regulatory requirements and risk assessments from an economic perspective.

As part of a risk inventory, the Risk Control division identifies the Bank's main risks on an annual basis, creates an overall risk profile and reviews the methods used in the risk management system. Furthermore, the Internal Audit division regularly reviews the risk management system.

Berlin Hyp Governing Bodies

The Board of Management together with the Supervisory Board defines the strategy, which is then used as a basis for decisions by all divisions of the company. Overall responsibility of management for all essential elements of risk management is explicitly defined for the Board of Management in the rules of procedure.

In accordance with the business policy focus and in consideration of the economic risk-bearing capacity and regulatory provisions, the Board of Management defines risk limits and risk allocations in the various business areas as well as risk types by establishing limits and structural requirements. It is informed regularly about Berlin Hyp's net assets, financial position, profitability and risk situation.

The Supervisory Board is informed regularly by the Board of Management about the overall risk profile. It receives the quarterly risk reports and the financial statements according to the German Commercial Code (HGB), as well as information on Berlin Hyp's earnings contribution in accordance with IFRS. The Loan Committee, which also acts as the Risk Committee, consists of members of the Supervisory Board. It consults with the Board of Management regarding the principles of business policy relating to risks and risk management.

Internal Audit is an essential element of the business and process monitoring system. This encompasses a regular review and evaluation of the risk management processes for all types of risk. The Internal Audit division reports independently and directly to the Board of Management.

In addition, Berlin Hyp has set up various committees that regularly deal with risk management and the Bank's risk situation:

- → Supervisory Board, including its committees
- → Board of Management
- → Financial Steering Committee
- → New Lending Committee
- → Market Assessment Committee

Details regarding the tasks, spheres of competence and members are defined in the respective rules of procedure.

As a part of risk inventory, the Risk Control division reviews the methods and models to identify, measure, aggregate and limit risks at least once a year and presents the results to the Board of Management.

Responsibility for operational risk management, that is the acceptance of risks within the scope of the risk limits, is assigned to the defined managers. Overall Bank risk management is the responsibility of the entire Board of Management, while market price risk and liquidity risk management in compliance with the binding requirements of the Board of Management adopted on the basis of the proposals by the Financial Steering Committee is handled by the Treasury division. Risk management in the lending business is implemented by the respective decision maker according to the assigned spheres of competence, taking into consideration the implications for the loan portfolio.

Reporting

Berlin Hyp's risk situation is presented on a quarterly basis in a risk report for the Board of Management and the Supervisory Board. In addition to the material information on the individual risk types classified as material, the stress test results and information on risk concentrations, the risk report also includes information on adequacy of capitalisation, regulatory and economic capital, the current capital and liquidity indicators and refinancing items. In addition to the quarterly risk report, the Risk Control division provides monthly reports on individual risk types and the Bank's risk-bearing capacity. Market and liquidity risks (procurement risk) are reported daily. In addition to the regular standardised risk reports, reports are also prepared on a case-by-case basis (ad hoc), if deemed necessary due to the current risk situation, for example if predefined risk limits or loss limits are exceeded.

Besides the risk situation reports, regular reports are also prepared on the development of the business volume and the cover funds and reports on the Bank's net assets, financial and earnings situation.

The following table shows an overview of Berlin Hyp's key reports and their frequency of reporting:

Reporting frequency	Subject
Daily	→ Market price and liquidity risks
Monthly	→ Liquidity risks → Development of balance sheet items → Development of the earnings situation → Risks of counterparty default at the portfolio level
Quarterly	→ Quarterly Commercial Code reports → Risk report (summary risk report on all risk types) → Risk reporting of the cover funds → Development of existing mortgages (including new lending and extension volumes, margins)

Foundations of Risk Management

Risk Inventory

As part of a risk inventory, Berlin Hyp regularly (at least once per year) reviews the risks that can significantly affect the net assets position, the earnings situation or the liquidity position. In this process, an overall risk profile for the Bank is created and the materiality of the identified risks is evaluated by the Board of Management. All identified material risks are included in the regular reporting of the Bank's risk situation. As part of a new-product process, new products are analysed before they are introduced and, in particular, are reviewed with regard to their risks for the Bank. By involving all relevant divisions, the new-product process is designed to ensure that risks from new or changing products can be properly mapped and monitored.

Within the framework of the risk inventory, Berlin Hyp reviewed sustainability risks and ESG risks (environmental, social, governance) as overarching risks and classified them as material for the Bank. The Bank is continuously developing its risk management organisation in accordance with regulatory standards and recommendations. In 2023, the Bank developed qualitative and quantitative methods for measuring and controlling ESG risks in accordance with the principles from the ECB guide on climate-related and environmental risks.

During the year under review, the Bank also aligned its risk taxonomy with the LBBW taxonomy in the course of the Group harmonisation process.

Risk Taxonomy

Financial Risks are risks that are intentionally taken ex-ante and whose value can be assessed, thus making it possible to generate income. Risk assessments and risk quantification form part of the basis for risk management activities. Financial risks include:

- Counterparty default risk
- Market price risk
- Liquidity risk
- Real estate risk
- Shareholder risk

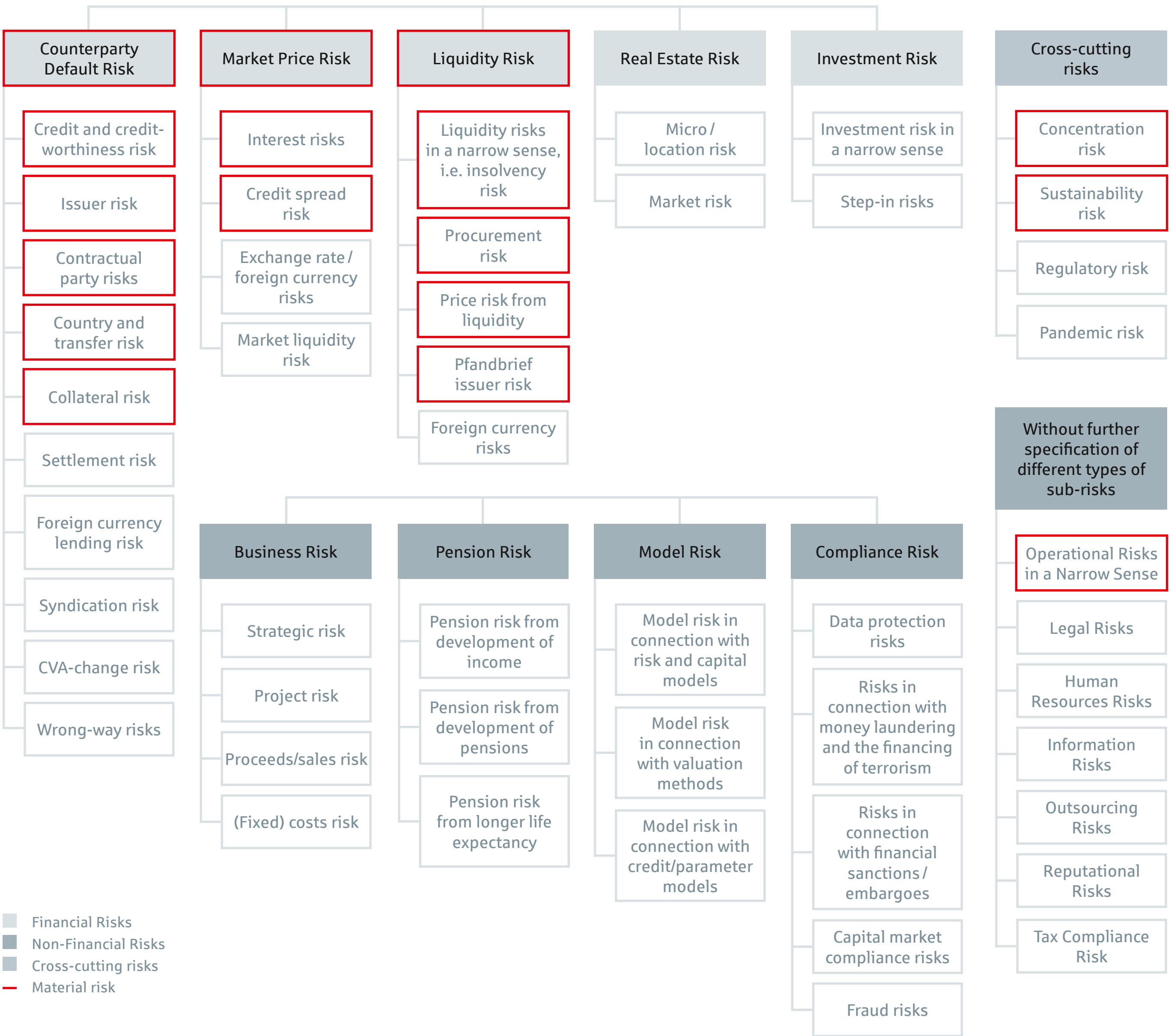
It is generally very difficult to quantify non-financial risks reliably, as the associated loss mechanisms can vary greatly. Non-financial risks include:

→ Operational risks in a narrow sense
→ Legal risks
→ Human resources risks
→ Information risks
→ Outsourcing risks
→ Reputational risks
→ Business risks
→ Pension risks
→ Model risks
→ Compliance risks
→ Tax compliance risks

Aspects that are connected across the various risk types are taken into account as aggregate risks, or cross-cutting risks (e.g. sustainability risks), and do not constitute a specific risk type.

In line with the Bank's risk inventory, the following risk taxonomy applies at Berlin Hyp:

Financial Risks of Berlin Hyp AG



The following overview shows the organisational implementation of risk management at Berlin Hyp for the major risk types:

Risk types	Risk management (units/committee)	Risk monitoring (units)
Counterparty default risks	→ Real Estate Financing → Portfolio Management → Treasury → Lending → Risk Management	→ Risk Control
Market price risks	→ Financial Steering Committee → Treasury	→ Risk Control
Liquidity risks (including price risk)	→ Financial Steering Committee → Treasury	→ Risk Control
Operational risks	→ Process owners → Divisions	→ Risk Control

Risk-Bearing Capacity

The Berlin Hyp's risk-bearing capacity concept is based on the "ECB Guide to the internal capital adequacy assessment process (ICAAP)". Within the framework of the risk-bearing capacity concept, both the economic perspective and the normative perspective are considered.

Berlin Hyp has implemented a risk-bearing capacity concept that the Bank uses to ensure that both material risks (excluding liquidity risks but including the price risk from the liquidity risk) and immaterial risks (the real estate, model, business and reputational risks) are covered by the risk-covering assets of the Bank, thereby ensuring the Bank's risk-bearing capacity at all times. In doing so, the Bank uses appropriate methods to quantify the individual risks. As the risk calculations are based on certain confidence intervals, there is a residual probability that the risks actually incurred are potentially higher. Limits have been introduced for the counterparty default, market price, operational[8], real estate, business and reputational risk types, and compliance with these limits is monitored by the Risk Control division. The assumptions underlying the quantification of the risks and the corresponding limits are reviewed regularly, at least once a year, and approved by the Board of Management.

In assessing the risk-bearing capacity, the risks are quantified in the economic perspective using approaches based on value at risk. A confidence level of 99.9 per cent for a one-year evaluation period is applied. In order to ensure risk-bearing capacity, the total risk position determined in this way must not exceed the risk-covering assets. For the overall risk within the risk-bearing capacity assessment, there is a pre-warning level at 80 per cent of the available risk-covering assets. The evaluation is completed by evaluating the overall risk position by assessing the results of various stress tests that take the risks into account from an economic as well as a regulatory perspective.

[8] These assumptions relate to all risk types quantified in the AMA model: operational risks in a narrow sense, legal risks, human resources risks, information risks, compliance risks, outsourcing risks and tax compliance risks.

The risk-covering assets are calculated from the sum of the capital allocable under regulatory requirements and certain economic adjustment items.

The changes in risk positions arising from the planned business performance as well as the progression of the risk-covering assets are analysed as part of the annual planning process. The results are incorporated, for instance, in the planning of capital measures.

In addition to the analyses described above, unusual economic developments and additional events specific to individual institutions are examined by means of stress tests for all material risks. One of the objectives here is to combine the risk types analysed in the risk-bearing capacity into a stressed overall scenario and identify the effects on regulatory and economic capital.

The impact of macroeconomic changes on the risk of the Bank and the risk-covering assets and/or on the regulatory capital ratios was estimated by consolidating the specific stress tests in the individual risk types into several stress tests for the Bank as a whole. This was achieved by defining scenarios in accordance with the requirements of the MaRisk, which also take into account the relationships between the individual risk types of the assumed developments.

Reverse stress tests are used to calculate the degree to which the overall banking scenarios with the greatest impact would have to develop before the total risk-covering assets are exceeded or the minimum capital stock is not reached.

The Bank's risk-bearing capacity was verified in 2023 as at all reporting dates, both from an economic and a normative perspective. Details of the risk-bearing capacity as at 31 December 2023 are disclosed in the section "Overall Statement on Risk Situation".

Risk Management Pursuant to Section 27 PfandBG (Mortgage Pfandbriefe)

According to Section 27 of the PfandBG, each Pfandbrief bank must use a risk management system suitable for the Pfandbrief business. The risk management of the cover funds is largely integrated into the risk management system of Berlin Hyp. In addition, there exist limits in line with regulatory requirements. Compliance with these limits is continuously monitored within the risk management of the cover funds and presented to the Board of Management on a quarterly basis in a separate report.

For exceptional events that carry the risk of far-reaching consequences, a crisis team was set up at Berlin Hyp to deal with such crises. In the first half of 2023, the crisis team executed a successful alarm exercise; a comprehensive crisis team exercise was then successfully conducted in the fourth quarter of 2023.

In response to the COVID-19 crisis, the Bank also created a task force in March 2020 that regularly (within the framework of the weekly meetings of the Board of Management) addresses the effects of COVID-19 on the Bank and its business activities. Since the Russia-Ukraine war began, this task force has also been examining the potential impact of that war on the Bank. The task force continues to operate and, within the framework of the meetings of the Board of Management, addresses as a separate agenda item the general economic and political situation and its potential impact on the Bank.

Financial Risk Types

Berlin Hyp's risk taxonomy distinguishes between financial and non-financial risks, and also between material risks and immaterial risks. The sections below describe first the risk management approach for the material financial risks of counterparty default risk, market price risk and liquidity risk, and then the approach used for the immaterial non-financial risks of real estate risk and investment risk.

Counterparty Default Risks

The risk of counterparty default is the risk of a loss, or loss of profit, due to a deterioration of a business partner's creditworthiness, as well as a loss in value of the security provided to the Bank. This is currently the most dominant type of risk for Berlin Hyp. Counterparty default risks are managed and monitored at the individual business partner and overall portfolio levels. Investment risk (shareholder risk) is considered to be an immaterial risk.

Individual Commitment Level

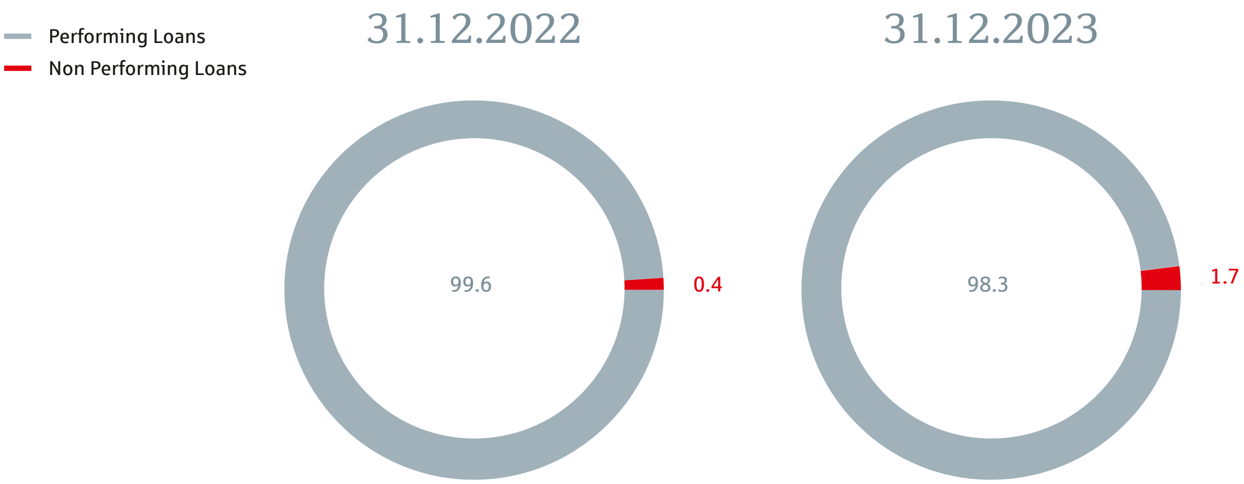
Adequate risk management of counterparty default risks should be guaranteed through a loan approval directive and defined processes and interfaces, from acquisition to new lending through to loan repayment (close integration of acquisition and subsequent market sphere). The credit processes are laid out in writing in the Bank's regulations. Credit processes are examined regularly by the Internal Audit division, which means that they are also subject to constant quality analysis. Agreements with the parent company govern cooperation between LBBW and Berlin Hyp with regard to shared customers in the lending business.

The risk exposure on the individual borrower level is verified on the basis of a regular analysis of creditworthiness. Rating procedures that take debtor and business-specific characteristics into account are at the core of the risk assessment. Pricing as well as loan decisions are based on the rating of the borrower, taking into consideration the security provided. Real estate financing is largely determined using the SparkassenImmobiliengeschäfts-Rating (SIR) and the method for international commercial real estate financing (ICRE). Furthermore, the rating procedures for banks (BNK) and corporates (CRP) are used in particular for the capital market business.

The rating procedures employed here have been derived from the framework of the banking supervisory authority approval system. The Risk Control division is responsible for quality assurance and validation and back-testing for rating procedures. The continued development and maintenance of these is provided by Sparkassen Rating und Risikosysteme GmbH (S-Rating) and RSU Rating Service Unit GmbH & Co. KG, and is supported by the pool institutes in working groups and project teams. Berlin Hyp is represented in the relevant working groups and bodies.

Based on the rating class system, the counterparty default risk is divided into performing loans (rating classes 1 to 15) and non-performing loans (rating classes 16 to 18).

NPL ratio based on FinRep
in %



The share of non-performing loans in the total portfolio stood at 1.7 per cent as at 31.12.2023.

Loan commitments are in principle subject to annual resubmission and collateral is subject to a regular review.

Particular focus is placed on the process of real estate and portfolio valuation. Certified appraisers from an independent division of the Bank or certified and independent appraisers working on behalf of the Bank undertake valuations on a regular basis.

Berlin Hyp uses early warning systems with a variety of instruments in order to identify loan commitments with an increased risk in good time. Alongside the definition of quantitative early warning indicators as part of an early warning system, qualitative indicators also exist for the purposes of regular loan monitoring. The automated early warning procedure draws special attention in different degrees to the criteria for “rating deterioration”, “arrears of interest and principal” and “deterioration of the debt service cover ratio”. Other parameters relate to the loan-to-value as well as the expiry of rental contracts and/or fixed interest rates. Early warning meetings take place each quarter. During these meetings, which are attended by staff from the Sales, Credit and Risk Control divisions, the risk content of the identified commitments is discussed separately and further measures are decided upon if necessary.

Risky real estate commitments are transferred to Risk Management. Competence for valuation adjustments is concentrated here. Upwards of a specific size, such valuation adjustments must be approved by the entire Board of Management. Valuation adjustments are made for an amount by which the outstanding loan, less any collateral, cannot be paid back with a high degree of probability. Collateral values are reviewed in this context and, if necessary, adjusted depending on the necessary measures. In exceptional cases, special and justified circumstances may result in deviating valuations.

Within the framework of the valuation of claims, lump-sum value adjustments are established for latent risks on the basis of the principle of prudence in accordance with Section 252(1) (4) of the German Commercial Code (HGB). The total of the transactions that are material for the calculation of the lump-sum value adjustments comprises all claims for which no itemised allowances were established. In addition to these claims that are not in severe danger of default, lump-sum value adjustments are established for off-balance sheet items (provisions made for lending for irrevocable lending commitments and sureties). Since 1 July 2022, the lump-sum value adjustment has been determined according to the regulations contained in IDW RS BFA 7 (lump-sum value adjustment for banking institutions) on the basis of the IFRS 9 methodology. This methodology calls for impairments to be recorded on the basis of expected credit losses. For every individual transaction, the lump-sum value adjustment corresponds to the credit loss expected for the subsequent 12 months. In the case of a significant increase in the default risk of an asset since its initial entry in the balance sheet, all expected losses throughout the financial instrument’s residual term are recognised. 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). 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.

Within the framework of an agency agreement, LBBW is responsible for the calculation of the lump-sum value adjustments and of the provisions made for lending for latent credit risks.

The securities and public sector loan portfolio represents a significant aspect of the capital market business. In addition, there are counterparty risks from the derivatives business. The existing capital market exposure is reported on a regular basis to the Board of Management and the Supervisory Board, broken down according to country and rating class.

Derivatives transactions are not only concluded with capital market counterparties but also real estate customers in the course of property financing. Counterparty risks from the interbank business are in principle covered by collateral. The Bank is aiming to achieve a high share of centrally processed derivatives (central clearing). In the real estate customer business, the established mortgage liens for the underlying transaction generally also apply to the derivative through broad statements of collateral purpose.

Berlin Hyp took into account the latent effects on the economy and in particular on the real estate industry that resulted from global risks and the swift interest rate hike by updating the stress test at the individual exposure level that it began performing last year. Within the framework of this stress test, Berlin Hyp examined the impact that adverse economic and political developments could have on the central parameters of individual transactions in the loan portfolio (debt service capacity and loan-to-value). The result showed that the portfolio displayed moderate risk phases and an adequate debt service capacity under stress as well. A more in-depth stress test was conducted for 32 individual cases with a total volume of €1.7 billion. This test also examined the impact the individual financing cases could have on RWA and IFRS staging. The result showed that the Bank's risk bearing capacity would be a given in such a stress scenario as well.

In addition, the Bank conducted a comprehensive analysis of the entire portfolio of project and property financing. The analysis here focused on risk assessment for individual cases while particularly taking into account market changes, maturity dates and guarantee structures. Despite significantly higher refinancing costs for follow-up financing and a decline in transaction volumes, project developments largely proceeded in line with the stipulations of the associated loan agreements, and cost increases remained manageable thanks to the existence of adequate provisions for construction costs. The results of the analysis showed that no fundamental measures need to be implemented for the project financing portfolio. In the case of certain instances of project and property financing that displayed project-specific anomalies (for example construction delays, letting problems, declines in value), the decision was made to monitor the corresponding projects more closely.

An additional meeting with the entire Board of Management every 14 days was launched in May 2023 in order to continuously report on the development of conspicuous individual exposures in the Bank's loan portfolio in a timely manner.

Berlin Hyp took into account the latent effects on the economy and in particular on the real estate industry resulting from the risks from global developments (in particular the Russia-Ukraine war) by implementing post-model adjustments for valuated loans in the form of a lump-sum value adjustment, and for irrevocable lending commitments in the form of provisions.

Portfolio Level

In addition to risk monitoring at the individual borrower level, Berlin Hyp examines credit risks at the portfolio level.

The loan portfolio model simulates potential borrower, issuer, counterparty and country defaults as well as value changes due to rating migrations in a one-year evaluation period on the basis of:

- → Exposure data (availments, externally approved limits)
- → Collateral values
- → Borrower, issuer and counterparty default probabilities
- → Country default probabilities
- → Industry correlations and volatilities
- → Country correlations
- → Income ratios to determine expected proceeds from security
- → Contribution ratios to value unsecured loan components and
- → Ratios to value externally approved limits that have not been drawn yet

Based on the assumption of no fundamental changes to the risk structure of the portfolio (constant level of risk, going concern approach), the credit default distribution that is determined makes it possible to make statements regarding the probability of credit defaults in the following year. Risk indicators (expected loss, credit value at risk and unexpected loss) can be determined from the credit default distribution.

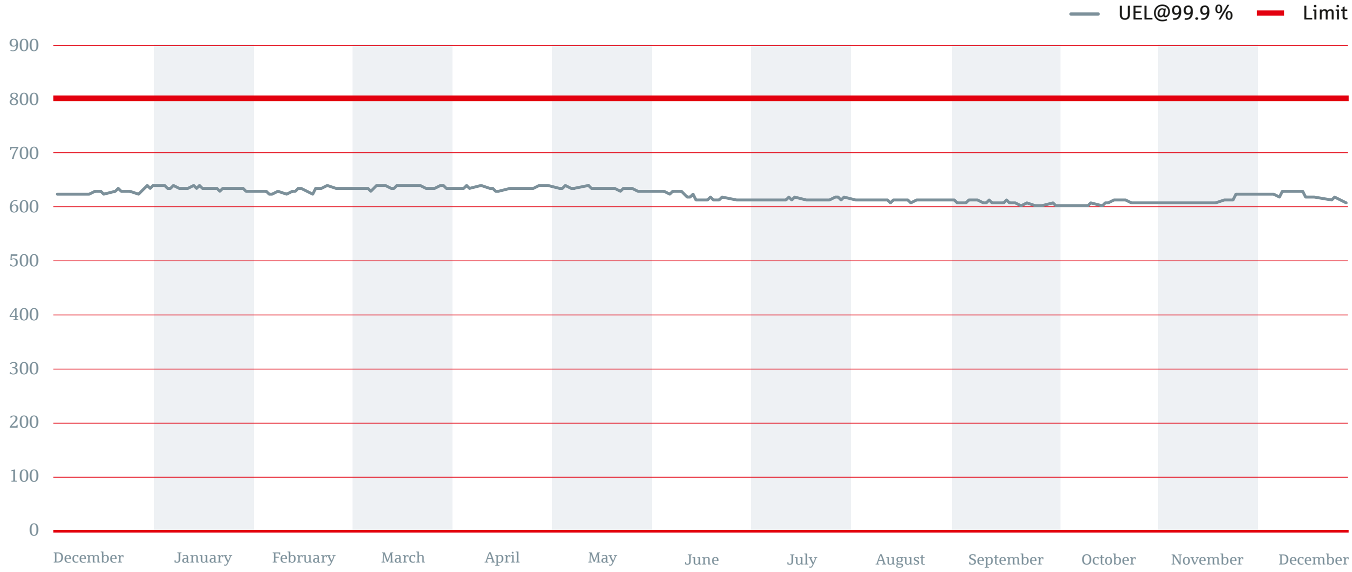
Management of default risks is based on unexpected loss at portfolio level (UEL).

Berlin Hyp has limited the counterparty default risk. The risk indicators are determined on a daily basis under an agency agreement with Landesbank Berlin AG. The risk indicators are monitored by Berlin Hyp's Risk Control division, which carries out variance analyses and limit monitoring. The utilisation of limits at the portfolio level is monitored daily and reported weekly. Berlin Hyp has defined processes and options in the event that the pre-warning level (90 per cent of the credit risk limit) is exceeded and limits are exceeded.

The limit is reviewed at least once a year, adjusted if necessary and approved by the Board of Management as necessary.

As at 31 December 2023, the utilisation was € 614 million and the limit was € 800 million.

Development of UEL in 2023
in €m



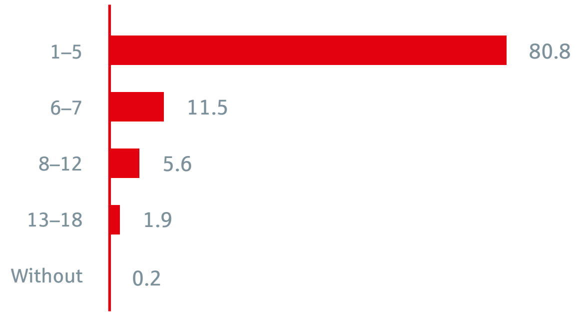
Responsibility for the validation of the credit value at risk model is outsourced (under consideration of Berlin Hyp's interests) to Landesbank Berlin Holding (business agent). Internal and external audits are carried out by the business agent as well.

Stress tests are performed within the scope of the credit portfolio model to simulate the change in a loan portfolio under the assumption of extreme scenarios in order to review the financial stability of the Bank against macroeconomic crises.

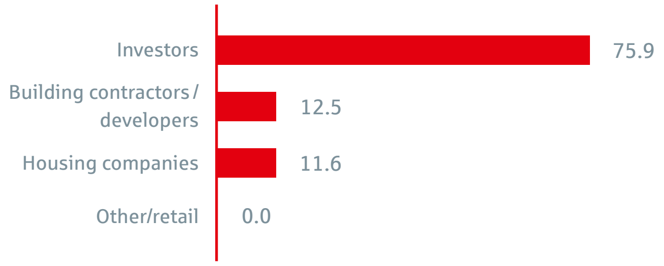
The business volume of Berlin Hyp relevant for the determination of the counterparty default risk amounted to €37.7 billion as at 31 December 2023. This business volume can be broken down into mortgage lending transactions in the amount of €31.7 billion, money market and derivatives transactions of around €0.30 billion and securities and public sector loans of around €5.7 billion.

The mortgage loan portfolio is broken down by ratings, customer groups, regions and property types as follows:

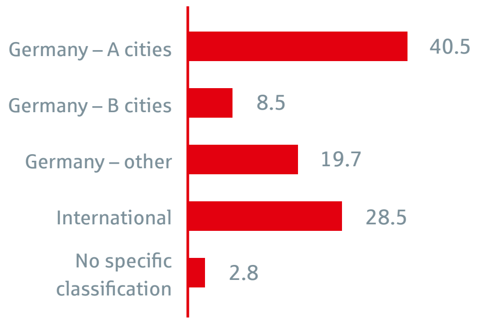
Rating classes
in %



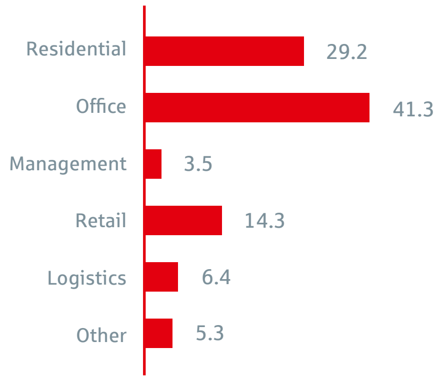
Customer groups
in %



Regions
in %



Property Types
in %



Country and Transfer Risks

Country and transfer risks are limited primarily through volume-based country limits, which are reviewed annually at least. Limits are determined in consideration of economic data and in close coordination with the Group and are then approved and adopted by the Board of Management. Country risks within the scope of new business activities are only entered into in countries with good or very good creditworthiness. As in the preceding year, it was therefore not necessary to recognise a bad country debt value provision for transfer risks. Individual exposures collateralised through property are classified depending on the location of the property. In all other cases, classification is based on the registered office of the business partner.

Market Price Risks

Berlin Hyp is a non-trading book institution. As a Pfandbrief bank, Berlin Hyp largely assumes market price risks in the form of interest and spread change risks. Except for peak amounts, the Bank does not have any open currency positions in the real estate financing business in accordance with its risk strategy. The mortgage lending business and refinancing in foreign currencies are generally covered by corresponding hedging transactions. The Bank does not incur share price risks.

The controlled incurrence of market price risks is based on a range of risk and earnings indicators. The interest rate change risk is hedged with interest rate derivatives.

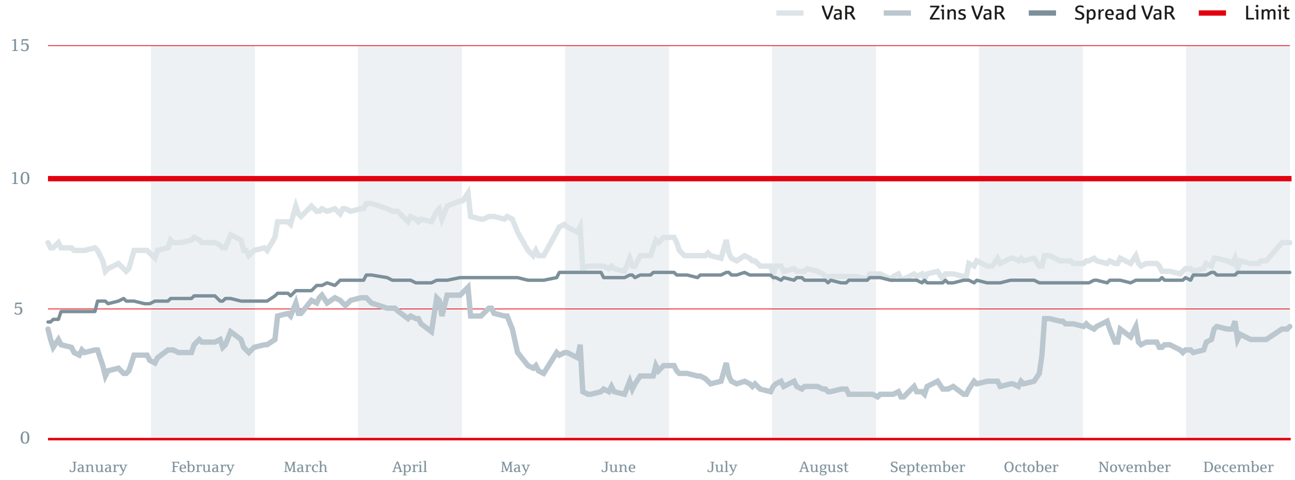
The Bank uses a combination of risk sensitivities, the value-at-risk approach and other stress tests to measure the risk of interest rate changes. For market price risks, a value at risk with a holding period of one trading day and a 99.0 per cent confidence level are determined based on a historical simulation approach using an unweighted ten-year time series, taking into account linear and non-linear risks including volatility risks. Since 31 December 2022, and in coordination with LBBW, the assessment of the market price risk within the context of risk-bearing capacity (ICAAP) has involved the examination of a stressed value at risk that includes the stress period associated with the global financial crisis of 2008/2009, with a confidence level of 99.9 per cent and a holding period of one year. The value at risk also takes credit spread risks and interest change risks from the Bank's pension reserves into account in addition to general interest rate change risks.

The Bank determines an early warning indicator in accordance with the requirements of the EBA guideline on the management of the interest rate risk for transactions in the banking book. The cash value changes of the six IRRBB (Interest Rate Risk from the Banking Book) scenarios stipulated under regulatory law are set in proportion to common equity tier 1 capital (supervisory outlier test). The stress scenarios for market price risk also include various earnings and risk stress tests and a net interest income simulation.

The value at risk and the IRRBB interest scenarios are limited. Thresholds have been established ahead of the limits. The early warning indicator and change in net interest income while applying the six IRRBB interest rate scenarios stipulated under regulatory law come with regulatory warnings. Recourse in relation to the market price risk was below the value-at-risk limit throughout the 2023 financial year. As a result of a high level of volatility on the market in the aftermath of the failure of Silicon Valley Bank and the acquisition of Credit Suisse by UBS, the market price risk rose in the first half of 2023, but could then be reduced towards the end of the first half of the year, after which its fluctuation wasn't as sharp. On the reporting date, the one-day market price risk was €7.48 million at a limit of € 10 million and a confidence level of 99.0 per cent.

Market price risks are reported daily to the Board of Management. This includes, among other things, information about basis point sensitivity for the overall risk-bearing position, the risk coefficients, the early warning indicator, the value at risk utilisation and cash value profit and loss analyses. A predefined escalation process is triggered when warning thresholds or limits are reached or exceeded.

Development of VaR 2023
in €m



The daily reports to the management also include comments on the results of back-testing. In 2023, all observed backtesting outliers were due to the significant interest rate hikes and the strong market movements resulting from the uncertainty in the capital market due to the failure of Silicon Valley Bank and the acquisition of Credit Suisse by UBS.

Reports on the results of the stress tests are prepared periodically as part of the monthly and quarterly reports. Aside from specific interest rate changes, these scenarios also include the results of actual, historical interest rate developments. Alongside interest curve modifications, stress simulations are also used to examine the effects of credit spread changes on the cash value. Besides the presentation of the cash value impact on these scenarios, the impact of the six IRRBB scenarios on net interest income is also reported on.

As a result of the implementation of the requirements of the EBA guideline on the management of credit spread risks in the banking book (CSRBB), the price risk was assigned to the market **price risk** as at 31.12.2023. It encompasses the risk that in case of existing incongruities with dates on which the capital falls due, the Bank can only carry out follow-up financing in the next 12 months on the basis of increased favourable refinancing spreads. Furthermore, the price risk also takes into account the effects of increased refinancing spreads on pre-conditioned forward loans. The risk is considered within the framework of the risk-bearing capacity concept and is limited. As at 31 December 2023, the price risk was €23 million for a limit of € 40 million.

Liquidity Risks

Berlin Hyp defines a liquidity risk in the narrower sense as the risk that current and future payment obligations may not be met in full or on time. The liquidity risk in the sense of an insolvency risk is a material risk for Berlin Hyp.

The Bank uses various instruments, key performance indicators and analyses to monitor and manage liquidity risk.

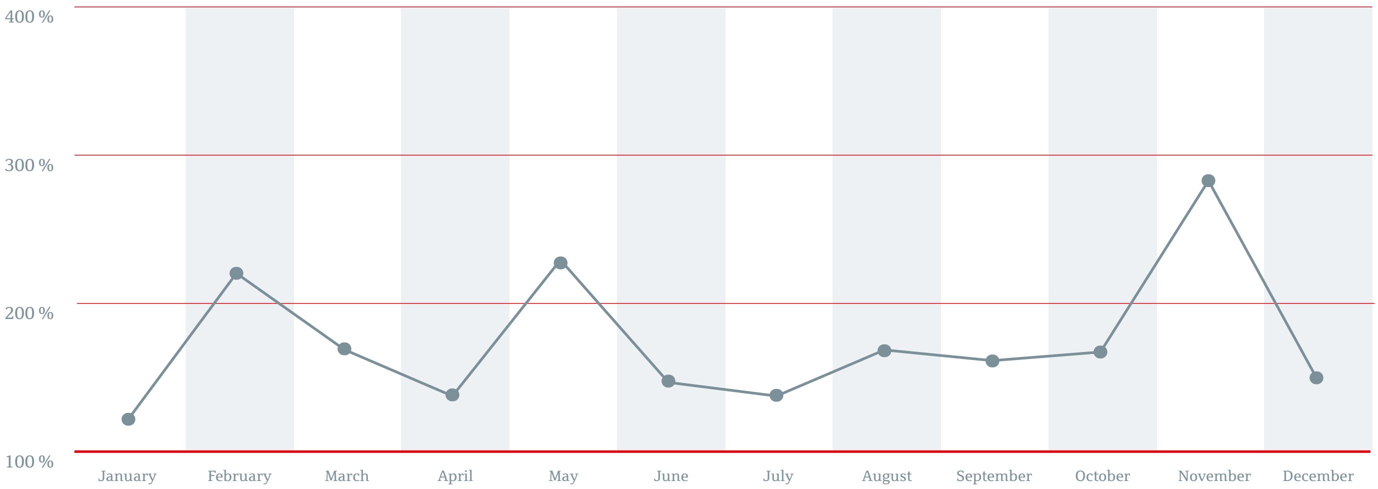
The **procurement risk** is the risk that Berlin Hyp may no longer be able to fulfil short term outstanding payment obligations within the next 30 days if access to the unsecured money market is eliminated. This is designed to ensure that the Bank will be able to fulfil all payment obligations within the next 30 days. The procurement risk is determined and reported on a daily basis.

As the Bank is classified as a capital market-oriented institution within the meaning of the MaRisk, daily checks are carried out to ensure that liquidity is guaranteed for seven or 30 days in accordance with defined MaRisk conditions (BTR 3.2).

The regulatory minimum ratio for the **Liquidity Coverage Ratio (LCR)** is 100 per cent. Internally, the LCR is controlled with a target ratio of at least 120 per cent. On the reporting date 31 December 2023, the LCR ratio was 149.8 per cent and therefore well above the minimum.

The following chart shows the development of the LCR, in each case at the end of the month:

Development of LCR in 2023
in %



The liquidity risk for the next 365 days will be determined for the Group by LBBW and the institutions and monitored by the respective institution. The procedure here is based on the **survival period in the baseline scenario** which is determined and reported on a daily basis. It is based on a liquidity progress analysis under the assumption of stress. Intact access to the secured and unsecured capital market is also assumed.

The **survival period in stress scenarios** is also determined. This describes the period of time that the Bank could survive in a stressful environment with restricted access to the unsecured capital market on the liquidity side.

In addition to monitoring liquidity risk limits, the Board of Management is updated on a monthly basis on the concentration of secured and unsecured money market refinancing with individual counterparties.

Liquidity is managed in compliance with economic limits/warning thresholds. Compliance with regulatory requirements is a mandatory secondary condition. Falling below a warning threshold or a limit triggers a predefined escalation process.

The liquidity buffer for ensuring liquidity consists of diversified assets from the various categories, almost exclusively ECB-eligible, according to the CRR regulations. The Bank generally does not create any new exposures in insufficiently liquid markets.

The Treasury of Berlin Hyp provides monthly forecasts of liquidity development for a period of at least twelve months. The underlying assumptions are regularly reviewed and adjusted as necessary.

A regulatory minimum quota of 100 per cent will apply for the **net stable funding ratio** (NSFR). On the reporting date 31 December 2023, the NSFR ratio calculated on the basis of CRR II was 111.3 per cent. Based on the liquidity and issuance planning, a quarterly forecast of the future LCR and NSFR development is prepared.

Berlin Hyp's refinancing ability was also guaranteed in 2023.

Investment Risks

In the reporting period, Berlin Hyp held shares in a total of five different companies, including three companies from the real estate digitalisation sector, based in Berlin.

This included a 49 per cent share in OnSite ImmoAgent GmbH with its crowd-based property viewing service. In addition, the Bank holds shares in a venture capital fund, PropTech1 Fund I GmbH & Co. KG, whose investment focus is on start-ups for the digitalisation of the European real estate industry. The shareholding was 6.97 per cent as at 31 December 2023. During the 2023 financial year, the Bank also had a further minority stake of 24.52 per cent in 21st Real Estate GmbH, which supplies software for analysing the market price and locations of commercial properties.

On 22 December 2023, Berlin Hyp sold its shares in 21st Real Estate GmbH to a property appraisal company in the Scout24 Group. Because the sales became effective after the reporting date, the interest in the company was still included in the balance sheet as at 31.12.2023. The minority interest in BrickVest Ltd. London was written off in the 2023 financial year within the framework of an out-of-court settlement.

Berlin Hyp holds 100 per cent of the shares in Berlin Hyp Immobilien GmbH which, in addition to its own brokerage activities, also handled the marketing of real estate, but no longer has any active business operations.

After the reporting date, on 17.01.2024, Berlin Hyp established an intermediate company that is to manage all of the Bank's strategic investments. This company, all of whose shares are held by Berlin Hyp, operates under the name Berlin Hyp Beteiligungsgesellschaft mbH.

Property Risks

Property risk refers to the risk of losses against the current market value due to changes in the value of property owned by Berlin Hyp. Because Berlin Hyp's business model does not include the active acquisition or sale of real estate, the portfolio during the reporting period only contained two properties, both of which are used by Berlin Hyp. The construction of the new corporate headquarters involves various risks with potential negative effects on the costs. The Bank has carried out appropriate risk analyses and analysed the potential impact on costs as part of a worst-case scenario. It has set up a construction controlling system for monitoring and managing these risks and has also commissioned an external construction audit with the project advisers.

Non-Financial Risk Types

In accordance with the risk taxonomy, a distinction is made between material and immaterial risk types with regard to non-financial risks as well.

Berlin Hyp considers the risk type "Operational risks in a narrow sense" to be a material risk. Non-financial risk management is centrally coordinated and operational risks (OpRisk) are monitored in the Risk Control division in consultation with the decentralised OpRisk managers at the various divisions and departments.

Operational Risks

Operational risk (OpRisk) is defined in the CRR as the risk of loss resulting from inadequate/failure of internal processes, people or systems, or from external events. This definition also includes legal risks. The operational risk in a narrow sense comprises risks that cannot be assigned to a specific sub-type of operational risks.

Up until the changeover to the new standard approach (BCBS 355) Berlin Hyp will use an advanced approach approved by the Supervisory Board (AMA – advanced measurement approach) to quantify operational risks. The internal model is validated on a regular basis.

Berlin Hyp has a systematic process for identifying, evaluating, monitoring and managing operational risks. The Board of Management is informed about the operational risks of the Bank in the quarterly risk report. Should extraordinary events occur, in particular if material losses are involved, the Board of Management is informed by ad-hoc reporting.

Various instruments are used to efficiently manage operational risk. These include, but are not limited to:

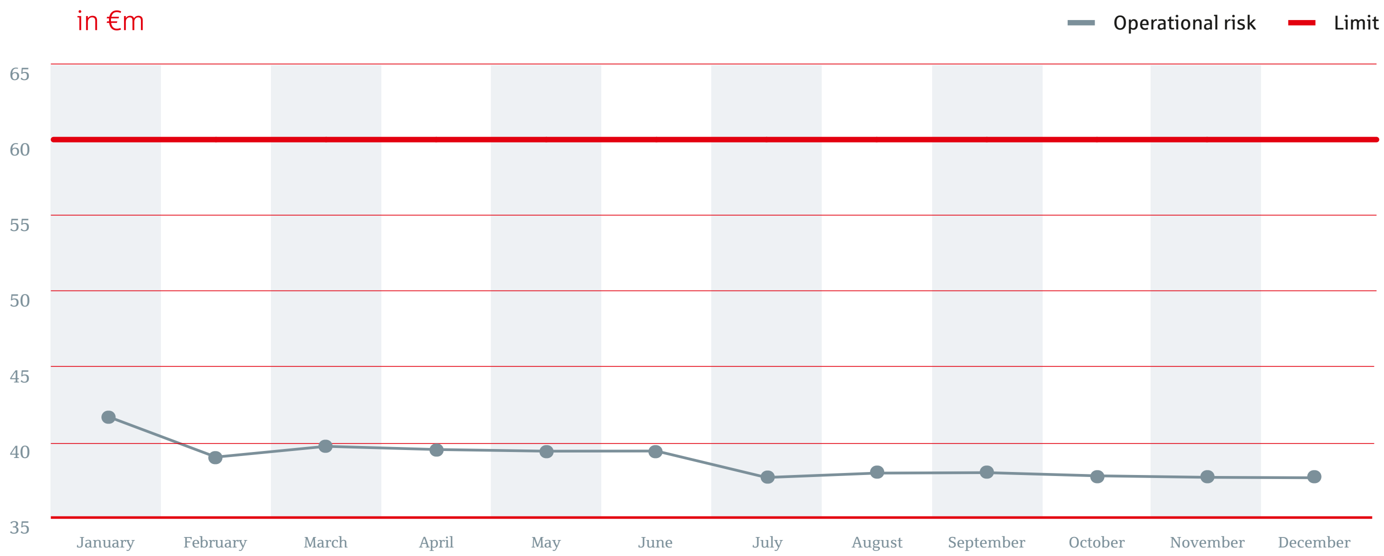
- → Scenario analyses for determining loss potential (quantitative OpRisk inventory)
- → A collection of loss cases (internal/external) as a basis for statistical evaluations for risk assessment (actuarial approach: loss distribution approach) and for defining scenarios relating to specific business areas for scenario analyses
- → Early warning system (recording and monitoring of risk indicators)
- → Controlling of measures (recording and monitoring of measures)
- → Risk transfer through insurance cover

The Bank participates in a data consortium for the collection of OpRisk claims. This expansion of the internal database with external claims is a mandatory part of the Advanced Measurement Approach (AMA) applied at the Bank.

Within the framework of the overall risk assessment derived from Berlin Hyp's risk-bearing capacity, Berlin Hyp has set up limits for operational risks, which are reviewed at least once a year and approved by the Board of Management.

As at 31 December 2023, the operational risk was €37.63 million for a limit of € 60 million. The monthly values for operational risk in 2023 determined using the AMA model are shown in the following diagram:

Limit utilisation
in €m



Legal Risks

Legal risks are part of operational risks. They include, among other things, the potential obligation to pay fines, monetary penalties or other types of penalties arising from regulatory measures or agreements under private law. These risks may also arise from the violation of current and changing legal regulations, in particular from contractual, statutory or judicial legal provisions.

Along with the specialist departments, the Compliance function and the Risk Control division, the Legal Department (Governance division) is also responsible for identifying and preventing legal risks. The monitoring of legal risks that have occurred is generally one of the tasks of the Legal Department. Major projects are centrally coordinated from a legal perspective. For risk prevention, the Legal Department provides templates and explanations for contracts and other legally meaningful declarations to a reasonable extent. The involvement of the Legal Department is mandatory for cases involving deviating or new regulations. If external law firms are involved, management is usually handled by the Legal Department. The HR department is responsible for labour court proceedings.

If unforeseen developments have occurred to the detriment of the Bank or errors have been made, the Legal Department will help to identify, rectify and prevent the errors in the future. It also assumes the task of reviewing and evaluating the events according to legally relevant facts and managing any litigation. This applies above all to the defence of claims asserted against the Bank.

The member of the Board of Management responsible for the Legal Department receives a report on a semi-annual basis on material legal risks that have been qualified as ongoing or imminent legal proceedings of the Bank. Ad-hoc reporting is provided for events of particular importance.

In 2023, the General Court of the European Union dismissed the claim of a French bank for reimbursement of cash collateral provided after termination of its banking licence for the Single Resolution Fund. It is not yet clear whether and to what extent the decision of the court will impact financial reporting relating to this collateral instrument.

Human Resources Risks

Bottleneck Risk

The quantitative and qualitative staffing of the banking divisions is managed by strategic resource planning. It aims to ensure the functional capability and future viability of Berlin Hyp and is adapted on an ongoing basis. Here, megatrends, developments in new and established business areas, regulatory requirements and demographic staff development are taken into account in order to keep planning up to date and realistic.

Berlin Hyp draws on various recruitment sources to cover its staffing requirements, with internal recruitment always taking precedence over external recruitment. Aside from the internal job market, Berlin Hyp also publishes job offers in publicly accessible media. Specialised platforms are used to fill vacant positions as quickly as possible for the desired profile. Berlin Hyp obtains assistance from recruitment experts for the staffing of challenging positions within a tight labour market environment. Taking into account the Bank's existing staff levels, the overall bottleneck risk is considered to be increasing but still moderate on the whole.

Motivation Risk

Employee motivation is promoted through sustainable workplaces and content, a vibrant corporate culture and the active participation of the employees in the development of Berlin Hyp. This also promotes loyalty to the company. Ongoing feedback serves as an indicator. It is part of the corporate culture, anchored in the competence model of the Bank and implemented in various processes and through different media. In particular, the Bank has taken a participatory approach to designing the change process, which encourages employees to get involved; as a result, they identify more closely with the new developments. Examples here include communities, networks and working groups across divisions and hierarchies, to name but a few. The motivation risk is considered to be low.

Qualification Risk

Due to the age structure, a number of employees will leave Berlin Hyp in the medium to long term because of their age. It is important to ensure that the departing employees transfer their knowledge to the remaining colleagues. Hybrid work, digitalisation and ESG requirements are leading to new working conditions, processes and requirements and changing the skills needed by employees. Employee development will therefore be supported, in parallel with the transfer of knowledge. The Bank sees learning and development in the professional context as an ongoing process. Technical, methodological and personal requirements are defined in the Bank's competence model and job descriptions. Various learning modules are offered within the framework of the "Berlin Hyp Learning World" in order to ensure employees' development needs are addressed. Qualification measures are planned in discussions between managers and employees in each case and are then subsequently assessed. Managers are to actively support employees in this regard. The Bank, in turn, supports managers with the development of their leadership skills by offering training courses and programmes designed specifically for managers, such as the peer group learning module for managers and the coaching programme.

The Bank has allocated an average of 3.5 training days per employee and per year as the target. Employees had an average of 4.8 days of training and continuing education in 2023 (2022: 4.7 days; 2021: 4.0 days). In addition to a variety of tailor-made in-house measures and select external training opportunities, the current figures result from development measures implemented as part of change processes as well as targeted training to improve the digital skills of the workforce. In light of all this, Berlin Hyp considers the qualification risk to be low.

Information Risks

Information security management (ISM) and information and IT risk management (IRM) have been set up as independent activities within a 2nd line function for the continuous monitoring of security requirements, whereby the risk situation is taken into account and effective risk management is ensured here. The identified information or IT risks (quotients of loss amount and probability of occurrence) are evaluated and reduced using appropriate measures.

In order to ensure that regulatory requirements are met, and that the level of information security is continuously increased, the following areas are examined with the help of certain tools:

- The taking of inventory of IT assets and their effect chains (CMDB)
- The performance of need-for-protection and business impact analyses and the inheritance of needs for protection along the effect chains
- The monitoring of compliance with information security requirements as communicated in instructions
- Tracking of and follow-up on identified shortcomings (deviations/GAPs)
- The periodic review of documentation on permissions and authorisations
- The monitoring and updating of emergency plans
- The analysis and assessment of security requirements when procuring services via third parties – with regard to the selection of providers, contractual arrangements and the continuous monitoring of services
- Documentation of vulnerabilities and alarms from Security Information and Event Management (SIEM)
- Preparation of key performance indicators and reports for the management
- The identification, assessment and reduction or acceptance of IT risks

Binding measures to raise awareness among employees of the importance of information and IT security issues are implemented on a continuous basis. Moreover, general and event-driven awareness-raising measures (such as ad hoc security instructions) are published on the intranet for all employees and phishing tests are performed regularly.

Employees in operational information security in the IT organisation have established extensive measures to protect and monitor the IT environment:

- Risk-oriented protection measures for ensuring the confidentiality, availability, authenticity and integrity of the data that are processed, transported and stored via the IT systems have been established and are regularly reviewed while taking relevant security requirements into account.
- Existing IT processes that ensure secure IT operations and the procurement, operation and decommissioning of IT assets are also monitored to make sure they meet all security requirements.
- The implemented vulnerability management system for the automatic detection of known threats is continuously adapted to address

the latest new threat situations and it has also been extended to all relevant network segments.
- A Security Information and Event Management (SIEM) organisation, with the support of a permanent Security Operation Centre (SOC) to ensure the monitoring of detected incidents and the evaluation of the incidents by Security Compliance Operating experts, has been established.

Up-to-date (security) regulations have been agreed on with the IT service providers in order to protect sensitive data in the Bank's own data centres and those operated by the service providers. Furthermore, an essential part of these regulations are backup environments to which we can quickly switch over in case of emergency. The functionality of the measures is reviewed at least once a year together with the emergency-relevant IT service providers and the specialist departments that utilise the measures.

To limit information and IT risks, data security regulations and regularly updated and reviewed emergency procedures were defined as an integral part of the Bank's written regulations based on the identified critical business processes and the assigned IT systems. This is meant to ensure the continuation of time-sensitive business processes with the help of emergency plans even in emergency and crisis situations.

Cloud technologies are part of the basis for the digitalisation goals of a modern bank. They also support compliance with ESG requirements and sustainability goals in the IT environment.
In the long term, all of this will support a simplification of processes and procedures, taking into account regulatory requirements and the targeted security levels within the LBBW Group (e.g. to increase cyber resilience).

As a first step, a holistic cloud strategy is being developed and a cloud governance system is being set up. The design of cloud-relevant processes and the definition of use cases to introduce the required cloud functionalities plays an important role here.

Currently, the Bank seeks to use on-premises and/or private cloud solutions for security-critical solutions.

The Russia-Ukraine war has also led to a new exceptional situation in terms of IT, and the latest developments in the war are continuously assessed as part of the regular coordination between the ISM, IT, IRM, building security and business continuity management (BCM)/ IT emergency management organisations. No security incidents resulting directly from the Russia-Ukraine war have been identified and the heightened risk due to the war, as well as the associated IT risks, have been documented in the IR system. Preventive efforts here are focusing on defence against cyber attacks and maintaining the stability of the energy supply, and to this end new precautionary measures and a new emergency plan have been implemented.

Compliance Risks

In accordance with Section 25a and Section 25h of the German Banking Act (KWG) and the relevant circulars of the banking supervisory authority, Berlin Hyp has created business and customer-related security systems for the prevention of money laundering, terrorist financing and other criminal acts at the expense of the institution. A risk analysis is carried out once a year, informing the Board of Management about the risk potential of the Bank. According to the risk analysis carried out in 2023, the money laundering officer concluded that the risk of exposure to money laundering, terrorist financing and other criminal activities should be considered "medium" to "low", taking into account implemented risk mitigation measures, and that the risk of exposure to other criminal activities should be considered predominantly "low", taking into account implemented risk mitigation measures.

Other Immaterial and Non-Financial Risks

Model Risks

Model risks describe the risk of potential damage as a result of decisions based on the results of models that display weaknesses and uncertainties. Berlin Hyp re-evaluates model risks on a regular basis as part of model validations and the risk inventory. The risks from credit risk and market price risk models are considered to be sub-items of the counterparty default and market price risks.

Business Risk (incl. Strategic Risk)

General business risks comprise price, quantity and cost risks caused by negative deviations from expected values due to changes in business volume, margins, commission income and/or costs. The strategic risk contains the risk of negative business development due to fundamental decisions regarding business policy. The strategic risk as a sub-type of the business risk is limited by observing market and competition conditions and the corresponding reactions of the responsible divisions. The business risk is managed by the entire Board of Management. Certain decisions also require the approval of Berlin Hyp's Supervisory Board.

Reputational Risks

Reputational risk management aims at both preventing reputational damage and containing damage when events occur that are relevant for the reputation and image of Berlin Hyp directly, and also for the reputation and image of the Group (impact on Berlin Hyp). Communicational errors are limited and prevented by continuously monitoring reporting and continuously maintaining contact with media representatives and gauging their reactions.

Since the end of 2021, the Bank has been conducting a scenario-based risk analysis geared towards loss potentials and probability of occurrence. The analysis evaluates scenarios in terms of their reputational risks on an annual basis. In the last analysis as at the end of 2023, 60 scenarios were evaluated, of which two were rated as medium risk according to measures, and all other scenarios were classified as low risk.

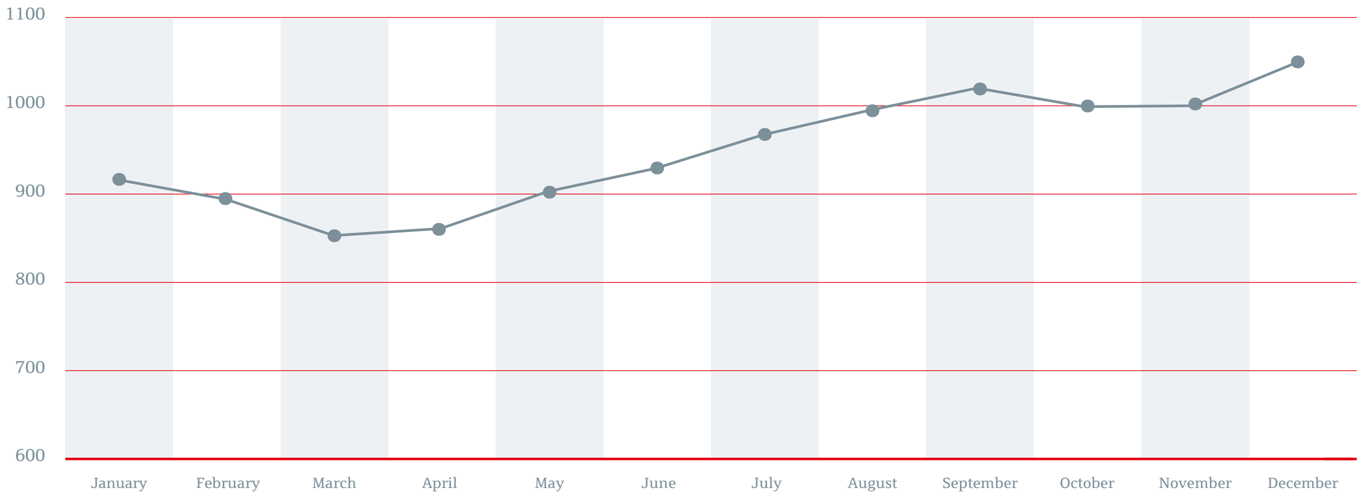
Overall Statement on the Risk Situation

The risks incurred by Berlin Hyp were covered at all times throughout the financial year by the available risk-covering assets. In 2023, the risk limits were complied with for all material risks.

The risk coverage as at 31 December 2023 amounted to €1,906 million; the total risk position was € 856 million. Therefore, the utilisation of the total risk versus the risk coverage was 45 per cent. The resulting flexibility of the risk-bearing capacity amounted to €1,050 million.

The following chart shows the development of financial flexibility within the framework of the risk-bearing capacity concept at Berlin Hyp:

Financial flexibility development in 2023
in €m



Limit utilisation per risk type as at 31 Dec. 2023
in %

Risk type	Value as at 31 Dec. 2023 in €m	Limit utilisation in %
Counterparty default risk	614	77
Market price risk	187	57
Operational risk	38	63
Real estate risk	18	44
Total risk	**856**	68

The risk-bearing capacity concept assumes a holding period of one year at a confidence level of 99.9 per cent

The limit for total risks as at 31 December 2023 was €1,250 million. Thus, the limit utilisation as at 31 December 2023 amounted to approximately 68 per cent.

The Bank has initiated measures to identify potential deteriorations in the creditworthiness of individual exposures as early as possible. The analyses of the loan portfolio were supplemented by stress tests. Furthermore, the effects of adverse developments are examined on a regular basis.

Berlin Hyp took into account the latent effects on the economy and in particular on the real estate industry resulting from risks from global developments by establishing management adjustments for valuated loans and irrevocable lending commitments.

Berlin Hyp's refinancing ability was also guaranteed in the reporting period and was neither affected by the changes in the real estate market nor the current global crises. Increased market or liquidity risks were not identified, not even as a consequence of the development of interest rates. The Bank's risk-bearing capacity was maintained during 2023 and all risk limits were complied with.

IV Accounting-Related Internal Control System and Risk Management System

The annual accounts of Berlin Hyp are produced in accordance with the provisions of the German Commercial Code, supplemented by corporate law provisions and taking into consideration the Pfandbrief Act (Pfandbriefgesetz) and the Accounting Ordinance for Banking Institutions (Verordnung über die Rechnungslegung der Kreditinstitute). The accounting standards of the German Accounting Standards Committee are applied. According to IFRS, Berlin Hyp is not obliged to present consolidated financial statements since the only subsidiary, Berlin Hyp Immobilien GmbH, does not have significant influence on the presentation of Berlin Hyp's earnings, financial and assets position.

The Finance division is responsible for accounting. The organisational unit carries responsibility for the general ledger and accounting and for technical matters and portfolio management in the subsidiary ledgers. Pursuant to the principle of the separation of functions, the assessment of financial instruments by the Risk Control division and the evaluation of credit risks by the Risk Management division is pursued on a case-by-case basis within the financial reporting process. Job descriptions are available for relevant positions. Furthermore, human, technical and organisational resources are also available in order to ensure the sustainable and disruption-free handling of tasks. The divisions are assigned to the Board's credit function sphere.

In their management reports, corporations as defined in Section 264d of the German Commercial Code (HGB) must describe the significant characteristics of the internal control and risk management system with regard to accounting processes. Berlin Hyp regards as "significant" any legal violations as well as errors having a qualitative and quantitative influence on the validity of accounting processes that are relevant to decisions pertaining to the recipients of the information.

The accounting-related internal control system encompasses principles, measures and procedures for the regularity and reliability of accounting processes, compliance with relevant legal provisions and ensuring the effectiveness of the monitoring of accounting processes.

The accounting-related internal risk management system encompasses measures for the identification, assessment and limitation of risks opposing the objective of ensuring the regulatory conformity of the annual accounts.

The objective of the internal control system is to record business transactions and events in accordance with the legal regulations, the Articles of Association and other internal directives, in a complete, swift and correct manner, to process and document them as well as to accurately assess, show and evaluate assets and liabilities, thus allowing for a correct identification of results. The controls also serve to provide this final information in a swift, reliable and complete manner.

The Board of Management is responsible for the structure and maintenance of the internal control system. The established accounting-related internal control system consists of process-integrated, error prevention regulations and facilities, as well as in the form of integrated and organisational controls. In addition, regular, case-related monitoring measures independent of processes have been implemented.

At Berlin Hyp, accounting processes are standardised and are subject to constant supervision. The processing, entry and documentation of relevant accounting data occurs using IT systems that keep accounting books and other records in electronic form. Berlin Hyp applies the core SAP application as an integrated comprehensive banking solution. This system reduces interfaces between various data processing applications, weak links in the data flow as well as manual interventions and processes. Regulations and measures regarding IT security, which are also of particular importance when it comes to accounting, have already been discussed. A thorough separation of functions along with organisational instructions and the distribution of technical roles and access rights should ensure in advance that interventions in accounting processes can only be undertaken in accordance with official responsibilities and competence. Unless specialised, two-person integrity systems have been established, organisational control activities are provided on a standardised basis. Electronically generated raw data as well as the various interim and final results are analysed, tested for plausibility and randomly examined by the divisions using a variety of system-supported comparisons, agreements, target comparisons and time-series developments on an individual transaction basis. Both technical requirements and workflow descriptions are in place for the individual processing steps within the framework of the relevant development process.

Internal and external reporting is also subjected to a multistage quality-assurance process before financial information is released.

Accounting processes are an integral component of the Audit division's risk-oriented audit planning system. Audit focuses are changed on a regular basis. Audits take place as system audits and are underpinned by case-by-case audits using random samples where required.

In the 2023 financial year, audits relevant for financial reporting were carried out on the settlement of securities transactions, company controlling, the setting of conditions for customer business, the cover register/refinancing register, accounting and the reconciliation of claims and liabilities (giro). As in previous years, the Internal Audit division monitored the process of reconciling loan accounts within the scope of the dispatch of annual statements in its role as a neutral body.

The audits carried out by the Internal Audit division with regard to the accounting-related internal control system did not reveal any material findings in the reporting year.

Regarding special measures concerning the management and monitoring of accounting units that are to be depicted within the accounting framework, please refer to the information provided in the risk report as well as to the Notes.

In 2023, a number of external audits were carried out within Berlin Hyp, in addition to the audit of the annual accounts and of the management report for the second short business year from 1 July to 31 December 2022. These audits concerned either Berlin Hyp directly as a separate financial institution or in its capacity as part of the regulatory group.

The Bank followed up the findings in a coordinated procedure led by the Internal Audit division.

V Corporate Governance Statement Pursuant to Section 289f of the German Commercial Code (HGB)

Establishment of Targets for the Proportion of Women in the Supervisory Board, Board of Management and in Management Positions

Berlin Hyp is subject to representative participation according to the German One-Third Participation Act and, in accordance with the legal requirements, has established targets for the proportion of women on the Supervisory Board and Board of Management through its Supervisory Board.

Supervisory Board

Berlin Hyp's Supervisory Board is currently made up of six representatives appointed by the shareholders and three employee representatives. Berlin Hyp has currently met its target of having at least two women on the Supervisory Board, as there are currently three women on the Supervisory Board.

Board of Management

The Board of Management currently has three members. By resolution of the Supervisory Board on 28 June 2022, a quota of women on the Board of Management of 33.33 per cent (33.33 per cent) was approved until the next review on 30 June 2027.

First and Second Management Levels Below the Board of Management

The Berlin Hyp Board of Management approved the targets for female executives for the first and second management levels below the Board of Management.

The target of 33 per cent should be reached at both management levels by 30 June 2025. As at 31 December 2023, 27.8 per cent (29.4 per cent) of executives at the first level below the Board of Management were female and 27.3 per cent (30 per cent) at the second level below the Board of Management. Overall, the percentage of women in management positions at all levels of management at Berlin Hyp is 28.1 per cent (29.5 per cent).

VI Non-Financial Statement in accordance with Section 289b and 289c of the German Commercial Code (HGB)

Reporting Principles

GRI 2-1, 2-2, 2-3, 2-4, 2-5

According to Sections 289b-289e of the German Commercial Code (HGB), Berlin Hyp AG (Berlin Hyp or the Bank) is required to publish an annual non-financial statement. This obligation is fulfilled – without recourse to an exemption option – by the publication of this “non-financial statement” (hereinafter also referred to as “statement”).

On 26 January 2022, Landesbank Berlin Holding AG, as the seller and sole shareholder of Berlin Hyp AG, and Landesbank Baden-Württemberg (LBBW), as the purchaser, concluded a purchasing agreement involving the sale to the purchaser of all Bank shares held by the seller. Since 1 July 2022, the LBBW Group has owned 100 per cent of Berlin Hyp. In addition, LBBW and Berlin Hyp concluded a control agreement with effect from 1 August 2022 that established a tax unity for sales tax purposes, within the framework of which Berlin Hyp was financially, economically and organisationally integrated into the LBBW corporate structure.

The statement concerns the financial year from 1 January 2023 to 31 December 2023. In addition, the scope of the statement has been expanded to include reporting standard elements from the Global Reporting Initiative (GRI) and elements from the Task Force on Climate-Related Financial Disclosures (TCFD). All TCFD recommendations apply within the non-financial statement, in particular by taking into account physical and transition risks and information on the decarbonisation project and the financed emission intensities and their management. The table in “1.3 Materiality Pursuant to the CSR Directive Implementation Act (CSR-RUG)” offers an overview of the integrated components of the GRI indicators. For better readability, the terms of the GRI have been adapted to the terms in accordance with Section 289c of the German Commercial Code (HGB). For detailed information, reference is made to the GRI content index published at the end of Q1/2024, available at: https://www.berlinhyp.de/en/sustainability/reportings.

Since 2013, an annual Sustainability Report has been published for each calendar year, with a reporting period in line with our financial reporting. A GRI context index instead of a completely independent GRI report has been published since the 2022 reporting year, as GRI content has been integrated into the non-financial statement. Indicators that are not considered in this statement are addressed in other sections of the Annual Report or in the separately published GRI content index. The separately published GRI content index will include additional sustainability performance indicators which, due to the early verification of the information in this non-financial statement, were not available in time for inclusion in this report. The procedure utilised here is the same as that used for the TCFD index. The GRI content index provides information on the respective reference in the Annual Report and the non-financial statement or via the content that is part of the GRI disclosure in question.

The data foundation for the calculation of the personnel figures was changed as at 1 July 2022: “total headcount excluding the Board of Management” was replaced as the data foundation by the number of “active employees” (excluding the Board of Management, student employees, students in dual study programmes, interns, employees in inactive employment relationships, and other employees on a leave of absence). The age groups have also been changed. Figures from the previous period were recalculated using the new data foundation and new age groups. Other new ways of presenting figures are referenced as footnotes in the text or in the tables in the non-financial statement.

The Supervisory Board of Berlin Hyp has voluntarily commissioned Deloitte Wirtschaftsprüfungsgesellschaft to conduct a business audit of the report in accordance with the ISAE 3000 (revised) for the purpose of obtaining limited assurance pursuant to Sections 289b-289e of the German Commercial Code (HGB).

Economic indicators – provided they are part of the audit of the annual financial statements – are audited by the auditors of Berlin Hyp. In addition, Berlin Hyp publishes an annual Environmental Statement. Consumption data, the collection method, CO_2 emissions of operational ecology and environmental management are audited externally by GUT Certifizierungsgesellschaft für Managementsysteme mbH, Berlin, within the framework of validating the Environmental Statement in accordance with EMAS. The publication of the Environmental Statement is planned for the second quarter of the financial year; it will be available at: https://www.berlinhyp.de/en/sustainability/reportings. Deviations from the non-financial statement are explained. The Board of Management and the Supervisory Board approve and/or take note of the aforementioned reporting formats.

Berlin Hyp will publish this statement on its website at www.berlinhyp.de. In addition, a separate publication including an GRI content index and a TCFD index will be published in the first quarter of 2024; it will be available at: https://www.berlinhyp.de/en/sustainability/reportings.

Business Model

Information on the business model can be found in the Management Report under I Principles of the Bank – Business Model.

1. Sustainability Concept

1.1 Goals

Berlin Hyp's strategic goal of becoming one of the most modern real estate financier in Germany also involves the achievement of specific sustainability objectives: Sustainability is not only about reducing our own carbon footprint, but above all it is about promoting and simplifying the transition to a more sustainable economy with sustainable financing products for the real estate industry. Berlin Hyp's commitment to sustainability is governed by the four dimensions of the Bank's ESG[9]-vision: sustainability in business operations, a sustainable business portfolio, ESG risk management, transparency and ESG capabilities. Berlin Hyp defines ESG capabilities as capabilities that make it possible to establish and maintain the decentralised incorporation of ESG aspects and issues within the framework of normal business operations (see the ESG governance chart in "2.1 Responsibility" in this statement). The Bank formalises responsibilities within its own organisational structure and process organisation and integrates its ESG vision as a core component of the business strategy (see the Objectives and Strategies segment in the Principles of the Bank section of the Management Report). The ESG vision can also be viewed on the Berlin Hyp website at https://www.berlinhyp.de/en/sustainability/sustainability-strategy.

1.2 Strategic Analysis and Measures

Berlin Hyp is one of Germany's major real estate and Pfandbrief banks for commercial real estate financing. By making use of certain criteria in its lending decisions (in order to continuously increase the share of green buildings in its portfolio, for example), the Bank seeks to indirectly exert a positive influence on the development of existing buildings in the target regions and asset classes it has defined.

The necessary shift to carbon neutrality is currently one of the most important issues in the real estate industry. If this issue is not addressed, the building sector, which depending on the estimate in question accounts for anywhere between 30 per cent and 40 per cent of total CO_2 emission in Germany[10], will find itself in a precarious situation in terms of its assets being able to continue to serve as stable collateral. At the same time, buildings in our

[9] ESG = Environmental, Social and Governance
[10] Federal Ministry for Economic Affairs and Energy (BMWi) (December 2021): Energy efficiency in numbers – development and trends in Germany in 2021

latitude are exposed to the negative effects of the climate change such as increasing climate and environmental risks, e.g. temperature and weather changes.

Berlin Hyp is committed to the Paris Climate Paths for the Federal Republic of Germany and is actively working to promote the transformation to an economy marked by lower greenhouse gas emissions. Berlin Hyp issued a Sustainability-Linked Bond in 2021 in order to link its strategic sustainability goals and targets with its refinancing activities on the capital market. The Bank has thus committed itself to achieving climate neutrality by 2050 at the latest and – in line with the Climate Paths – aims to reduce CO_2 emissions by 40 per cent between 2020 and 2030. This applies not only to the Bank's own business operations but also, and in particular, to its core business of real estate financing. Moreover, the business portfolio is managed on a scientific basis, specifying that carbon neutrality will have to be achieved by 2050 at the latest.

During the last quarter of 2022, Berlin Hyp therefore launched its "Decarbonisation Path" project in which the financed emissions resulting from its loan portfolio were calculated in accordance with the PCAF[11] 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 towards 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.[12]

[11] PCAF: https://carbonaccountingfinancials.com/about

[12] 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/Schlaglichterder-Wirtschaftspolitik/2022/02/04-im-fokus-gruenewaerme.html

As at 31 December 2023, Berlin Hyp's financed emission intensity of 30.0 kg CO_2 per m^2 (31 December 2022: 31.0 kg CO_2 per m^2) was below the CRREM reference values. Changes compared to the previous year are mainly due to adjustments to the district heating emission factor and the updated portfolio configuration. Furthermore, Berlin Hyp's newly defined CO_2 reduction target path (highlighted in dark green in the chart) stipulates a course even more ambitious than the emission 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 chart).[13]

Financed emission intensity: Comparison with the target path and CRREM

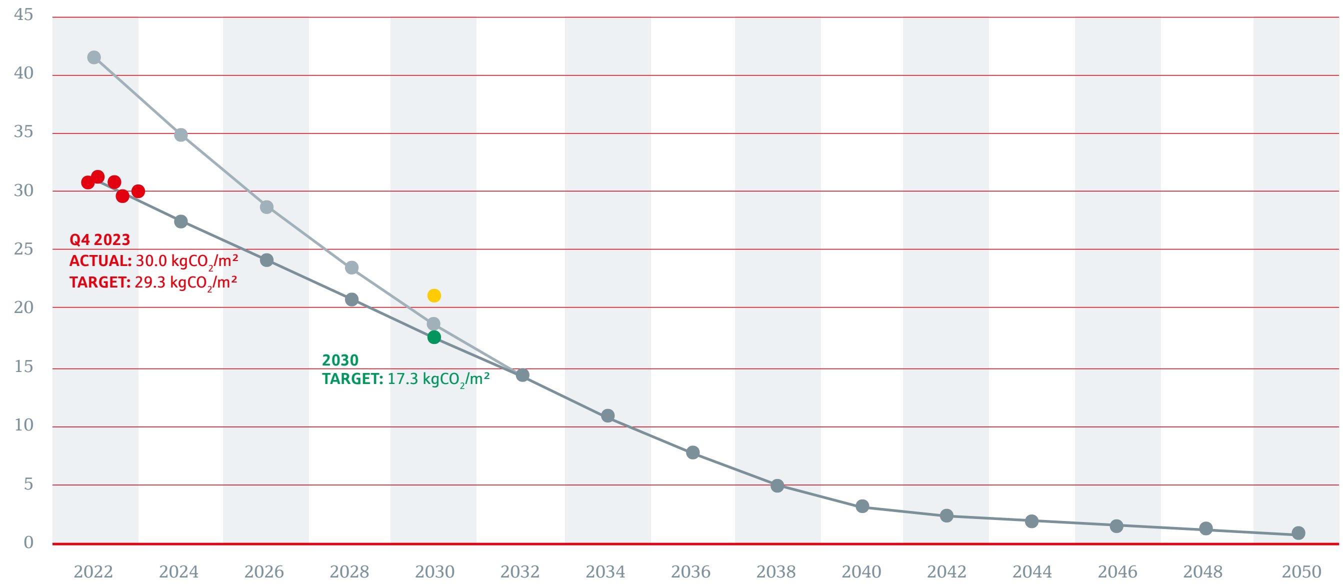
in $kgCO_2/m^2/a$

CRREM 1,5°C reference path

Berlin Hyp target path

Reduction of CO_2 intensity in line with the target within the framework of the Sustainability-Linked Bond

Berlin Hyp history



Financed emission intensity	$\frac{tCO_2}{m^2a}$	**Emissions per area of financed properties, weighted by financed area**	$\dfrac{\sum_{Properties} \frac{kWh}{m^2a} \times \frac{tCO_2}{kWh} \times m^2 \times \frac{\text{Outstanding Amount (€)}}{\text{Market value (€)}}}{\sum_{Properties} m^2 \times \frac{\text{Outstanding Amount (€)}}{\text{Market value (€)}}}$	**Standard for target in accordance with SBTI and thus the appropriate metric for the Decarbonisation Path**

[13] Berlin Hyp's target paths are derived on the sub-segment levels of land and building type. The target path for the Bank's total portfolio results from the target paths on the sub-segment level weighted on the basis of the financed area.

Currently, a control mechanism is being implemented which aims at controlling ESG-relevant price impulses in new lending along the decarbonisation path. Four control impulses, i.e. "decarbonisation", "transformation", "property risk" and "customer profile", can affect loan pricing to varying degrees in the form of mark-ups and deductions.

- → The "decarbonisation" impulse is firmly integrated into Berlin Hyp's vision via the Sustainability-Linked Bond Framework and results from a comparison of the financed emissions of a new property with the target value from the decarbonisation path of the relevant sub-segment.
- → The "transformation" impulse provides the customer with incentives to implement specific modernisation measures during the loan term. The amount of the impulse results from the CO_2 emissions reduced by modernisation measures.
- → The third impulse, "property risk", aims at providing a price impulse to create incentives for properties with low climate risks.
- → The fourth impulse, "customer profile", takes into account customer-related ESG factors in loan pricing on the basis of the ESG score. This can be used to set incentives for customer conformity with Berlin Hyp's S&G targets directly in pricing.

The control mechanism is reviewed and adjusted on a quarterly basis. The target path is monitored and/or calibrated annually on the basis of the financed emissions of the property portfolio and on the basis of the updated CRREM paths and emission factors, if any. An ad hoc adjustment may be made in the event of an unexpected change to CRREM reference paths, emissions factors or ambition levels.
In the second half of the year, the method for deriving the decarbonisation path was revised; in this context, data quality was improved and the calculation method was refined. Each quarter, Risk Control presents to the Sustainable Finance Commission the currently financed emission intensity of the property portfolio of Berlin Hyp in comparison to the target path. The Commission uses this information to make recommendations on possible adjustments for control purposes.

Using the Bank's published ESG vision (see the Objectives and Strategies segment in the Principles of the Bank section of the Management Report) and future regulatory requirements as a basis, Berlin Hyp has created an ESG implementation roadmap for the period up until 2024. The ESG implementation roadmap comprises all relevant sustainability activities and their milestones, and provides an outlook on upcoming activities. Based on the ECB's requirements, these activities are divided into the dimensions "business environment and strategy", "reporting/disclosure", "governance and risk appetite" and "risk management". The ESG implementation roadmap is itself based on the ECB Roadmap, the contents of which are sent to the European Central Bank on a regular basis for a review of the most recent status of implementation of the various measures. Measures from the ESG implementation roadmap that were assigned to the category of material aspects in accordance with the CSR Directive Implementation Act are shown in the table "Catalogue of measures (extract) to support the defined goals".

1.3 Materiality Pursuant to the CSR Directive Implementation Act
GRI 3-1, 3-2
In 2021, material issues for the 2021 non-financial statement and the 2021 Sustainability Report were defined from the perspective of the company as a whole, taking into account the CSR Directive Implementation Act and GRI requirements.

The results of the materiality analysis from 2021 were reviewed and updated in an all-day expert workshop in 2022. In the reporting year, the results of the 2022 materiality analysis were for the most part confirmed on the basis of the 2023 CSRD materiality analysis by the ESG Corporate Function, and are therefore (still) the basis for the 2023 non-financial statement. "Digital processes and products" are not addressed in 2023 reporting, constituting a deviation from the previous year. Moreover, the material issue "Containment of climate change in capital investments" is addressed for the first time. The table below offers an overview of material issues as they relate to the five CSR Directive Implementation Act aspects in terms of subject matter, and also shows the GRI standards used for reporting on each of these issues.

Catalogue of Measures (Extract) to Support the Defined Goals

No..	Field of action in accordance with the ESG vision	Measure from the ESG implementation roadmap 2022/2023	Sustainability aspect according to the CSR Directive Implementation Act	Deadline	Implementation status
1	Sustainable business portfolio	1. ESG checklist 1.1. Calculation for the portfolio business for ESG scoring 1.2. Adjustment of the ESG checklist for new lending within the affiliated group of companies	Environmental and social concerns, fight against corruption and bribery	12/2023 12/2023 11/2023	Implemented Implemented Implemented
2	Sustainable business portfolio	2. Sustainable Finance Framework 2.1. Publication Sustainable Finance Framework 2.2. Integration Social Loan	Environmental and social concerns	03/2023 03/2022 03/2023	Implemented Implemented Implemented
3	Transparency and ESG capabilities	3. ESG reporting automation 3.1. Implementation of relevant ESG data fields in the system environment 3.2. Processes for the initial population of the data model 3.3. Processes for the collection of data in the new-lending business process and/or regular review of data	Environmental, employee and social concerns	06/2023 06/2023 06/2023 06/2023	Implemented Implemented Implemented Implemented
4	Sustainable business portfolio	4. Decarbonisation path 4.1. Definition of a sector target path and determination of actual alignment 4.2. Concept for the implementation of the sector path in portfolio management	Social Concerns	12/2023 03/2023 12/2023	Implemented Implemented Implemented
5	Transparency and ESG capability	5. Implementation of the Principles of Responsible Banking (PRB) 5.1. Joining the United Nations Environment Programme Finance Initiative (UNEP FI) and signing of the PRB 5.2. Publication of the first progress report in the second quarter 5.3. Transfer to an established process	Social Concerns	06/2023 10/2022 06/2023 06/2023	Implemented Implemented Implemented Implemented
6	ESG risk management	6. Materiality analysis 6.1. Execution of a materiality analysis on the impacts of ESG risks on market risks, liquidity risks, operational risks and strategic risks, as well as a quantification of risks.	Environmental Concerns	10/2023 10/2023	Implemented Implemented

Overview of Material Issues and GRI Mapping

Sustainability aspect	Material sub-sections in accordance with the CSR Directive Implementation Act	Chapter	GRI disclosure type pursuant to the GRI Standards 2021 and the extent of coverage in this statement	
			Complete	Partial
	Reporting principles		2-4, 2-5	2-1, 2-2, 2-3
Sustainability Concept	Materiality pursuant to the CSR Directive Implementation Act	1.3	3-1, 3-2	
	ESG risks	1.5		201-2
	Material risks pursuant to the CSR Directive Implementation Act	1.6		201-2
	Depth of the value chain	1.7	3-3	2-6, 203-1, 203-2, 413-2, 414-1, 414-2
Process Management	Responsibility	2.1	2-14	2-15
	Participation of stakeholders	2.4	2-28, 2-29	413-1
Sustainability aspects and material sub-sections in accordance with the CSR Directive Implementation Act, Section 289c of the German Commercial Code (HGB)				
Employee Concerns	Information relevant to different aspects	3.	2-7, 2-30, 3-3, 401-1	2-8, 401-2
	Promoting an open and fair working environment	3.1.1.	401 3, 406-1, 407-1	402 1, 405-1, 405-2
	Well-being and development opportunities	3.1.2	403-1, 403-3, 403-4, 403-5, 403-7, 403-8, 404-1, 404-2, 404-3	403-2, 403-6
	Fair remuneration policy and proportionality of commissions and bonuses	3.1.3	2-19, 2-20, 2-21	
Social Concerns	Information relevant to different aspects		3-3	
	Corporate social responsibility	3.2.1		203-1, 203-2, 413-1
	Customer relationship management	3.2.2		
	Consideration of social criteria when issuing bonds	3.2.3		
	Consideration of social criteria when selecting financing projects	3.2.4		
	Data security	3.2.5	418-1	
	Transparent performance presentation	3.2.6	2-16, 417-2, 417-3	417-1
Fight Against Corruption and Bribery	Information relevant to different aspects	3.3	3-3	2-23, 2-24
	Compliance	3.3.1	207-1, 207-2, 207-3	2-27, 206-1
	Prevention of corruption and anti-competitive behaviour	3.3.2	415-1, 205-1, 205-3, 206-1	2-16, 2-25, 2-26, 2-27, 205-2

Environmental Concerns	Information relevant to different aspects	3.4	3-3	
	Consideration of ecological criteria when issuing bonds	3.4.1		203-1
	Consideration of ecological criteria when selecting financing projects	3.4.2		203-1
	Containment of climate change in capital investments	3.4.3		201-2
	Environmental management at our locations	3.4.4	302-1, 302-3, 303-5, 305-4, 306-3	301-1, 301-2, 302-4, 303-1, 303-2, 303-3, 305-1, 305-2, 305-3, 305-5, 306-1, 306-2
Respect for Human Rights	Information relevant to different aspects	3.5	3-3, 406-1	2-23, 2-24
	Human rights due diligence	3.5.1	407-1	2-25, 2-26, 2-27

The indicators 2-9 to 2-13, 2-17 to 2-18, 2-22, 201-1, 201-3, 201-4, 207-4, 301-3, 302-5, 303-4, 305-6 to 305-7, 306-4 to 306-5, 403-9 to 403-10 are not taken into account in this statement.

In 2023, a materiality analysis in accordance with the requirements contained in the Corporate Sustainability Reporting Directive (CSRD) was performed for the first time. The results were developed and validated in cooperation with internal and external stakeholders. They are presented in a separately published highlight report, which will be available in the first quarter of 2024 at https://www.berlinhyp.de/en/sustainability/reportings.

1.4 Outlook: Materiality in Accordance with the Corporate Sustainability Reporting Directive (CSRD)

In the first half of the year 2023, the Bank began using a new comprehensive materiality analysis in accordance with CSRD requirements. In this regard, internal workshops were held with participants from the affected specialist departments. As a first step, an “Impact” assessment was conducted along the value chain in accordance with the requirements contained in the EFRAG Guidelines. In this context, actual and potential effects resulting from capital investment, purchasing, banking operations and financing were evaluated. In order to comply with double materiality, the financial materiality in connection with opportunities and risks from sustainability issues was determined as well. CSRD-relevant stakeholders validated the results and the Board of Management took note thereof and approved them.

Internal implementation roadmaps are prepared for the impacts, risks and opportunities identified as material (also known as “IROs”, i.e. “impacts, risks and opportunities”). Reporting for 2024 will be carried out in full compliance with CSRD requirements. Material IROs mainly occur within the value-added steps of banking operations and financing. From the five environmental aspects, climate protection, circular economy, biodiversity, pollution as well as water extraction and discharge were identified as being material. Material IROs were determined for the “social” aspect for our own staff, employees within the value chain, affected population groups, consumers and end users. Corruption and bribery still fall under the material sustainability issues.

1.5 ESG Risks

GRI 201-2

Berlin Hyp has integrated all relevant ESG risks into existing risk management systems and processes in order to ensure that all opportunities and relevant risks can be identified and systematically controlled. These systems and processes are intended to address both financial and non-financial risks. Berlin Hyp has established a central function for ESG risks within the ESG risk management system. This function is used to implement measures for the design of a framework for risk controlling.

It includes “Integration of ESG risks into existing risk types” and “Quantification and integration of ESG risks into rating models”.

The Bank has started developing methods for the annual climate risk analysis that enable the assessment of the effects of transition and physical risks on the risks of Berlin Hyp. First, a methodology (“scenario analysis”) was developed to assess the effect of physical and transition risks on the credit risk, which constitutes the most important risk at Berlin Hyp.

A materiality analysis is executed on a regular basis in order to determine the influence of physical risks. Berlin Hyp concluded a contract with vdpResearch for the preparation of this analysis and also performed a natural hazard analysis with the K.A.R.L. analysis tool from Köln Assekuranz Agentur. The analysis examines risk damage caused by storms, tornadoes, floods, heavy rains, storm tides, earthquakes, hail, tsunamis and volcanoes. The results can be summarised as follows (as at 31.12.2023):

- At the aggregated level, the property portfolio is exposed to a low physical risk.
- The anticipated average annual damage is around 0.1 per cent of the aggregated market value of €85.3 billion – i.e., €85.7 million.
- The highest relative risk (0.29 per cent) is in the Netherlands, whereby the biggest risks here relate to storms and storm surges and flooding.
- Natural hazards that pose the highest risks in absolute terms are storms (€64.3 million), tornadoes (€5.8 million) and heavy rains (€4.7 million), whereby these together account for 87 per cent of the risk.

These expected damage figures are used in the methodology we developed in order to assess future impacts of climate risks on our customers’ default probability based on assumptions that also take into account the buildings’ insurance status.

The impact of the transition climate risk on Berlin Hyp’s credit risk is also evaluated using the scenario analysis tool. In this case main drivers of rating changes are modernisation costs and rising energy prices. The estimated modernisation costs for the next 30 years amount to €8.01 billion. The reduction in comparison to previous years’ results is attributable to the transparency rate, which was significantly increased in 2023. The lower estimates of EPC labels for properties with conservative approaches resulting from this managed to improve the distribution of EPC labels. This process had a positive effect on modernisation costs, as more properties now fulfil the EPC minimum standards and therefore do not need to be modernised at a later time.

These costs not only constitute risks for Berlin Hyp, but also business opportunities, e.g. in the form of sustainable financing products such as the transformation loan. You can find more information in section 3.4.2 Consideration of ecological criteria when selecting financing projects. The combination of physical and transition scenario analyses results in an estimated increase of the portfolio PD[14] by 6 basis points up until 2050 (with an initial value of 0.33 per cent). This increase does not cause the average portfolio rating to shift. Therefore, the climate risk could result in a slight increase in the default probability in the long term and thus in a higher risk for the Bank.

The Risk Control division extended the materiality analysis methods to the other risk types of market and liquidity risks and also to non climate-related environmental risks. Initially, a detailed qualitative materiality analysis was performed for the risk types mentioned, and this has now been supplemented by quantitative approaches.

Three risk types were distinguished within the ESG analysis of the market price risk: market price risk value at risk (VaR), interest income risk and BP01. The impacts of an increase of the spreads of the counterparties were analysed in terms of profit and loss, value at risk and net interest income. ESG risks were calculated using the ECB’s climate stress tests and by applying an assumption of stress for deviations of the credit spreads. New interest sensitivities of loans were calculated on the basis of the estimated portfolio PD. Neither climate nor environmental risks have a material impact on Berlin Hyp’s market price risk.

In order to assess the impacts of ESG effects on the liquidity risk, we distinguish between four risk types – procurement risk, survival period, price risk and liquidity under the assumption

[14] PD refers to probability of default. The portfolio PD is the exposure-weighted average default probability of the portfolio, whereby only ratings higher than 11 are taken into account for this analysis, covering approx. 99 % of the portfolio.

of stress. As a consequence of the relatively short evaluation period of the procurement risk (30 days) and of the survival period (3 months), climate and environmental stress tests do not have a noticeable effect, which is why they were not taken into account in the quantitative analysis.

In order to analyse ESG effects on the price risk, historical cross-sector and publicly known ESG-driven events and their impacts on companies were analysed. The potential effects on the price risk of a downgrade to Berlin Hyp's rating by both one and two levels were simulated and evaluated. In this case, the influence of climate and environmental risks is again negligible.

Various environmental risks were evaluated in the course of further development using adequate approaches in line with the initially determined materiality: depending on data availability, different approaches were used to take risks into account. The data provider K.A.R.L. provided anticipated relative annual damage on the property level for three scenarios for the analysis of the environmental risks of volcanoes, earthquakes and tsunamis. These are applied to our loan portfolio using the scenario analysis tool (see above) in order to determine potential PD shifts until 2050. We assess the risks of heat stress, drought stress, water stress, forest fires and landslides using an index-based analysis. K.A.R.L. provides a risk index in four phases ("not relevant" to "highly relevant") for each property in our portfolio for the three scenarios. The environmental risks of loss of biodiversity, pollution and scarcity of resources are assessed using an index-based materiality analysis. In order to measure the risk of scarcity of resources, the indexes "Natural Resource Depletion" and "Natural Resource Rent" are used on the country level. In assessing the risk of loss of biodiversity and pollution, the risk would be classified as material if the aggregated indices EPI (Environmental Performance Index) & NBI (National Biodiversity Index) used on the country level, and the ENCORE tool used on the sector level, would classify our loan portfolio as being affected. However, this is not the case. Both environmental risks are not material for the Bank's risk profile. The environmental risks of epidemics and pandemics as well as pesticide exposure are only evaluated qualitatively. Berlin Hyp has gained experience from past pandemics and is therefore well prepared for future pandemic developments. In addition, because Berlin Hyp is a commercial real estate financier only, pesticide exposure does not constitute a risk.

Based on the analyses performed, the stated risks are currently not assessed as significant. This is also true of most of the risks assessed for which long-term developments as described in scenarios SSP1-2.6, SSP2-4.5 and SSP5-8.5 for the period up until 2050 can be estimated. The forest fire risk is an exception; however, data indicate that the risk will increase in the long term and exceed the significance threshold. Further analyses will be performed as soon as relevant climate model data are available.

1.6 Material Risks Pursuant to the CSR Directive Implementation Act

GRI 201-2

Material risks are identified pursuant to the regulatory requirement of a regular risk inventory. As a rule, operational risks, climate and environmental risks are potential risks to be considered as defined in Section 289c(3)(1)(3) and (4) of the German Commercial Code (HGB). However– as described in more detail below – they are not classified as material risks as defined in Section 289c(3)(1)(3) and (4) of the German Commercial Code (HGB).

The results of the analysis of operational risks (e.g. conflicts of interest, reputational risks, money laundering, terrorist financing) related to the non-financial aspects revealed that, after applying the net method while taking into account the risk mitigation measures, no significant risks associated with Berlin Hyp's own business activities and business relationships or its products and services as defined in Section 289c(3)(1)(3) and (4) of the German Commercial Code (HGB) were identified, which are very likely to have or will have a serious negative impact on the above-mentioned aspects.

The sustainability risk/ESG risk acts as a risk driver that influences various risk types. The sustainability risk is classified as a material risk driver for the counterparty default/credit risk. The estimate is that the transition climate risk will materially increase the PD of borrowers over the long term as a result of modernisation costs and rising energy costs. Therefore, the sustainability risk is classified as material. The results of this analysis are presented in the currently valid 2023 risk inventory.

Non-financial risks accordance with the CSR RUG associated with the five sustainability aspects are identified, assessed, managed and monitored by the respective specialist departments and the risk management department. The risk management working method and results are described in detail in the Management Report under III Opportunities, Forecast and Risk Report; therefore, no further details are provided here.

1.7 Depth of the Value Chain

GRI 2-6, 3-3, 203-1, 203-2, 413-2, 414-1, 414-2

The value chain ranges from raw material production and the creation of the service to recycling after use. Berlin Hyp's Purchasing Department and environmental management system are responsible for the parts of value creation that take place within Berlin Hyp. However, significant parts of value creation are outside of its direct control. Berlin Hyp wishes to assume responsibility in this regard and to actively pursue the sustainable development of the value chain. Due to the long useful life of real estate, it is in the explicit interest of the Bank for its customers to build or acquire and operate properties whose long-term value is ensured through professional consideration of ecological, economic and social criteria.

Berlin Hyp's regular business normally consists of certain real estate projects in European High Income OECD[15] Countries[16]. These countries maintain comparable high to very high statutory ESG standards. However, when business is conducted outside Europe, Berlin Hyp, pursuant to its published Sustainability Guideline, follows intentionally recognised standards for environmental and social impacts, such as the standards defined by the Forest Stewardship Council (FSC), the Programme for the Endorsement of Forest Certification (PEFC) or similar standards[17], whereby its own standards go beyond the fulfilment of these requirements. The Bank's activities as a commercial real estate financier do not have direct negative impacts on local communities, e.g. due to production activities. In its review, the Bank takes into account ESG factors in accordance with its Sustainability Guideline. Therefore, the Bank does not have programmes to evaluate such impacts.

Berlin Hyp requires all key suppliers to comply with the requirements of the ten principles of the UN Global Compact. Berlin Hyp defines the ten top-selling suppliers as material, as well as all suppliers with whom long-term business relationships are maintained, e.g. in the form of framework contracts. The Bank reviews its key suppliers on a semi-annual basis with regard to compliance with Berlin Hyp's ESG requirements. The RepRisk tool used for the review mostly covers the largest customers, and as a result the suppliers available in the RepRisk tool as of 31 December 2023 have a RepRisk rating of A to AAA – i.e. no incidents. Berlin Hyp is also not aware of any negative indicators for any of the other key suppliers.

One KPI per quarter – showing how many suppliers signed Annex E Sustainability Agreement – is generated and evaluated. The contents of the Sustainability Agreement include but are not limited to the commitment to comply with social and ethical standards in accordance with international conventions (e.g. those defined by the UN's International Labour Organisation) – e.g. free choice of employment, freedom of association, prohibition of discrimination and compliance with standards regarding health, safety and acceptable living conditions. A signature under the agreement applies to contracts for work and services and has been mandatory since 1 January 2022. The relevant contract types in the contract database are reviewed in order to ensure compliance with this requirement. The review undertaken shows that in the reporting period, 56 per cent of all relevant contracts in the contract database document that the requirements of Annex E have been met. Thus, a minor increase compared to the figure for 2022 was recorded.

In the reporting period until December 2023, 8 questionnaires were distributed to and answered by new service providers and suppliers. Berlin Hyp did not become aware of any violation of the criteria. The LBBW Steering Committee has made the decision to include us as a subsidiary in accordance with the German Supply Chain Act (LkSG)

[15] The Organisation for Economic Cooperation and Development (OECD) is an international organisation that fosters prosperity, equality, opportunity and well-being for all. Source: www.oecd.org/ueber-uns/ 14 Germany, France, Benelux and Poland

[16] Germany, France, Benelux and Poland

[17] https://www.berlinhyp.de/files/media/corporate/ueber-uns/nachhaltigkeit/oekologie/2021-environmental-policy.pdf

2 Process Management

2.1 Responsibility

GRI 2-14, 2-15

At Berlin Hyp, sustainability has been firmly established throughout its divisions for years. This is ensured by the interaction of the Board of Management, ESG Corporate Functions, the Sustainable Finance Commission (SFC) and the Management Committee as well as the ESG Board, consisting of permanent representatives of the divisions, and the Chair of the Board of Management. In order to ensure effective and proper implementation of the ESG implementation roadmap referred to in 1.1, including the strategic orientation, and to enable the Bank to address issues that may arise in future in the context of ESG, the Bank's existing ESG governance system was reviewed and revised.

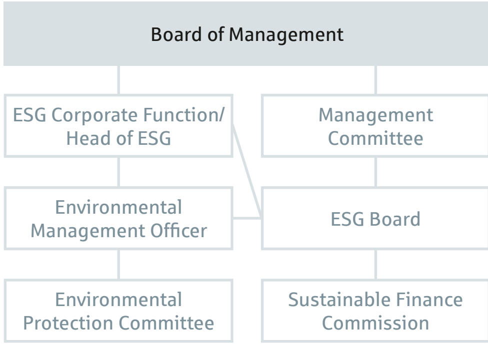
The core elements of the ESG governance system of Berlin Hyp are

- the decentralised assignment of basic responsibilities for integrating and processing ESG issues into the various divisions and departments, and
- the establishment of two overarching but separate cross-divisional and cross-departmental functions, which will promote the ESG vision and operate as higher-level coordinating bodies for the defined ESG implementation roadmap and new cross-divisional ESG issues, ensuring that all ESG-related measures at Berlin Hyp are made transparent and that they are linked and aligned with one another whenever this might be necessary.
- ESG projects are being implemented across divisions throughout the entire Bank. This includes the decarbonisation project (net-zero governance) and the implementation of the CSRD in consultation with LBBW.

The ESG Corporate Functions monitor the achievement of targets in corporate strategy and risk controlling, and the ESG Board of Berlin Hyp, chaired by the CEO of the Bank.

The SFC aims at integrating sustainability aspects into Berlin Hyp's financing activities and decisions. In this regard, it improves strategies and guidelines at the Bank in such a manner as to ensure that the Bank can achieve its ambitions regarding sustainability while taking financial targets into account. The SFC is comprised of divisions involved in the financing/refinancing value chain. More specifically, these are the Credit , Portfolio Management, Treasury,

Organisational structure of the environmental management system of Berlin Hyp AG



Sales and Valuation divisions. Risk Control and Corporate Strategy, in their role as central functions, are also part of and manage the SFC. The Core Process Strategy and Data Management divisions play a supporting role. The SFC meets at least once per quarter.

The Environmental Protection Committee is a cross-departmental, environment-related control and information body within the environmental management system and constitutes another specific specialised group (in this case: operational ecology), if necessary in cooperation with the ESG Corporate Function and other divisions (similar to the Sustainable Finance Commission). The Works Council is represented in the Environmental Protection Committee and is kept informed on an ongoing basis.

In accordance with its statutory control function, the Supervisory Board also controls sustainability reporting.

The Supervisory Board has adopted regulations to address and prevent conflicts of interest within the Supervisory Board and the Board of Management. There were no conflicts of interest during the 2023 reporting period.

Supervisory Board

- Monitoring and reviewing (at least annually) of the ESG strategy and taking note of Berlin Hyp's risk appetite

Board of Management

- Decision and adoption as well as review of the ESG strategy and indirect supervision of its implementation via anchored, strategic goals
- Responsibility for implementation to consider and integrate ESG risks and decrease risk appetite

Management Committee

Board members and all division heads

- Regular reports on ESG performance by ESG central functions
- Steering of strategically important topics and projects of the bank

ESG Board

Chairman: Sascha Klaus (CEO)
Members: ESG central functions and ESG division managers of all divisions and departments reporting directly to the Executive Board

- Support in the coordination and monitoring of all ESG issues to be implemented
- Function as an information/exchange platform for the cross-divisional discussion of ESG issues
- Preparation of decision papers for the Board and discussion papers for the Management Committee on cross-divisional ESG issues

Central function ESG
(1st Line of Defence)

- First contact and coordinator for ESG issues

1st Line of Defence
Divisions

- Technical ESG responsibility for 1st-line-of-defence issues

Central function ESG Risk
(2nd Line of Defence)

- First contact and coordinator for ESG-risk issues

2nd Line of Defence
Divisions

- Technical ESG responsibility for 2st-line-of-defence issues

Implementation-supporting departments
(IT, Data, Governance, Data Management)

Revision of Berlin Hyp
(3rd Line of Defence)

Since 1 July 2022, the Landesbank Baden-Württemberg Group (LBBW) has owned 100 per cent of Berlin Hyp. A formal working group, managed by Berlin Hyp, has been established within the framework of the structured exchange between the two companies. One relevant topic area here also addresses sustainability. This ESG Content Hub focuses on the identification and implementation of value drivers in the real estate franchise. More specifically, the Content Hub addresses strategic matters such as measures to support the green transformation: It also examines the availability of affordable housing in the real estate industry and the alignment of criteria for green buildings, social assets and reporting.

2.2 Rules and Processes

In addition to economic aspects, Berlin Hyp's activities also take into account ecological and social factors. Guidelines with corresponding provisions are in place to ensure that these factors are taken into account. They are operationalised by measures firmly established in the business processes. Monitoring to ensure the ongoing application of the measures is primarily the responsibility of the managers.

The following documents and guidelines document values, principles, standards and codes of conduct that are essential for Berlin Hyp's sustainable business activity:

- → Berlin Hyp
- → Sustainability Guideline
- → Gender Equality Guideline: Equal Opportunities Policy
- → Environmental Management System Guideline
- → Annex to the Framework Agreement on the Sustainability of Suppliers and Service Providers
- → Guideline for Communication with Stakeholders
- → Lobbying Guideline
- → Guideline for Dealing with Tax Law Requirements
- → Guideline for Responsible Behaviour towards Customers in Financial Difficulties
- → Guideline for Responsible Behaviour towards Customers

During the reporting year, the Guideline on Sustainable Procurement was integrated into the Sustainability Guideline.

2.3 Monitoring – Due Diligence

Within the framework of quarterly ESG management reporting by key organisational units, i.e. Corporate Strategy, Treasury, Portfolio Management (sales and product control) as well Risk Control, the relevant non-financial KPIs are presented to the Bank's Board of Management. The document is used as a progress report regarding the implementation steps for the strategically relevant ESG issues. The Supervisory Board is informed periodically by the Board of Management on the basis of ESG management reporting.

2.4 Participation of Stakeholders

GRI 2-28, 2-29, 413-1

For Berlin Hyp, particularly those stakeholders are relevant who are directly or indirectly affected by Berlin Hyp's business activities, and whose opinions and acts directly or indirectly influence Berlin Hyp's business activities. Specifically, these are customers, employees, society, competitors, investors and owners. Stakeholder relevance assessments are conducted by the sustainability management organisation when needed.

In order to be able to identify the stakeholders' expectations and requirements at an early stage and react adequately in the context of sustainability, Berlin Hyp uses established formats for discussions with key stakeholder groups in society. Communication with stakeholders is a part of daily business activities – for example, in the form of conversations with customers, employee surveys and our activities in business association committees.

In addition, Berlin Hyp uses the following (digital and physical) formats:

- → Customer satisfaction analyses
- → Customer feedback after closure of a deal
- → Customer events
- → Complaints management for customers
- → Dialogue events of the Board of Management with all employees
- → Employee survey on the risk assessment for mental stress
- → Employee survey conducted by the Works Council on employee satisfaction with superiors and Berlin Hyp as an employer
- → Employee information event (e.g. "Punkt10 Dialog" and "B-One Lunch")
- → Workforce meetings

→ Exchange with the Works Council within the framework of the statutory obligation to consult and inform
→ Exchange formats with experts and executives
→ Investor roadshows
→ Committee and association activities
→ Round table talks with industry representatives
→ Regular exchange with rating and sustainability agencies
→ ESG Board
→ Strategic dialogue
→ Management Committee
→ Participation in panels by members of the Board of Management and executives
→ Participation in trade fairs

Berlin Hyp employees themselves also regularly contribute their experience and expertise to numerous institutions. Among other things, this also ensures that Berlin Hyp always remains up to date on the latest industry standards, including those that focus on sustainability.

Berlin Hyp is a member of the following associations and interest groups (the list is not exhaustive):

→ Appraisal Institute
→ Arbeitgeberverband des privaten Bankgewerbes e.V. (Employers' Association for the Private Banking Industry)
→ Arbeitsgemeinschaft der Betriebsräte der Immobilien und Pfandbriefbanken (Association of Works Councils of Real Estate and Pfandbrief Banks)
→ BFW – Bundesverband Freier Immobilien und Wohnungsunternehmen e.V. (Federal Association of Independent Housing and Real Estate Companies)
→ BME e.V.
→ Climate Bonds Initiative
→ DGNB Deutsche Gesellschaft für Nachhaltiges Bauen (German Sustainable Building Council)
→ DSGV – Deutscher Sparkassen- und Giroverband e.V.
→ (German Savings Bank Association)
→ DV – Deutscher Verband für Wohnungswesen, Städtebau und Raumordnung e.V. (German Association for Housing, Urban and Spatial Development)
→ DVFA – Deutsche Vereinigung für Finanzanalyse und AssetManagement (German Association for Financial Analysis and Asset Management)
→ ESG Circle of Real Estate (ECORE)
→ GIF – Gesellschaft für Immobilienforschung e.V. (Society for Real Estate Research)
→ HypZert – real estate appraisers for the appraisal of mortgage loans
→ ICG Social Impact Investing-Initiative
→ IHK (Chamber of Industry and Commerce) – Climate Initiative
→ Madaster Germany– online register of materials and products for the construction of recyclable buildings and reuse of materials
→ RICS – Royal Institution of Chartered Surveyors
→ ULI – Urban Land Institute
→ UNEP FI– United Nations Environment Programme Finance Initiative
→ UNGC– United Nations Global Compact
→ vdp – Association of German Pfandbrief Banks e.V.
→ VfU – Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten e.V. (German Association of Environmental Management and Sustainability in Financial Institutions)
→ ZIA – Zentraler Immobilien Ausschuss e.V.
→ (German Property Federation)

Furthermore, Berlin Hyp participates in meetings on the topic of sustainability that are conducted by various working groups and committees of the associations and/or representations of interest listed above. These include but are not limited to:

→ ZIA Corporate Social Responsibility Working Group
→ ZIA Sustainable Finance Working Group
→ VfU Sustainability Working Group
→ UN Global Compact (SDG Accelerator) Working Group
→ DSGV Sustainability Team
→ DSGV Taxonomy & Reporting Basic Project Working Group

3 Sustainability Aspects

3.1 Employee Concerns

GRI 2-7, 2-8, 2-30, 3-3, 401-1, 401-2

Berlin Hyp will continue to invest in its employees in order to be successful in future. Their commitment and cooperation are essential in terms of our ability to master the sustainability challenges that we will be facing in future. Sustainably motivated and qualified employees are the capital we need for future tasks.

The basis for these employee concerns is the human resources strategy, which supports Berlin Hyp's corporate strategy and, together with the relevant guidelines and processes, covers the internal framework for the individual aspects listed below.

Berlin Hyp uses only very few temporary employees – 5 as at the reporting date 31 December 2023. Each individual department is independently responsible for the use of additional external employees. The Bank does not use a central registration system (Evidenzstelle).

As at 31 December 2023, 25 % of the Bank's employees were covered by a collective agreement (31 December 2022: 28 %, 31 December 2021: 30 %). The higher share of staff not employed under collective agreements as compared to the rest of the industry shows that Berlin Hyp's activities, in its capacity as a specialised Pfandbrief bank, require significant expertise.

The number of full-time equivalents in the reporting year amounted to 586.3 employees and 9.5 junior staff.

The work and employment conditions of staff not employed under collective agreements are defined in accordance with the collective agreements for the private banking industry as regards duration of working time, holiday, sick pay supplements and absences with pay.

Employees per region[1]

		31.12.23	31.12.22	31.12.21
Total employees		606	570	557
	Of which in Berlin	544	512	500
	Of which in other locations in Germany	47	43	43
	Of which in Poland	4	4	4
	Of which in the Netherlands	8	7	6
	Of which in France	4	4	4

[1] The data foundation for calculating personnel figures was changed on 31 December 2022, at which point "total headcount excluding the Board of Management" was replaced as the data foundation by the number of, active employees" (excluding the Board of Management, student employees, students in dual study programmes, interns, employees in inactive employment relationships, and other employees on a leave of absence). Figures from the previous period were recalculated using the new data foundation.

Employees, broken down by sex and type of employment

		Women			Men		
		31.12.23	31.12.22	31.12.21	31.12.23	31.12.22	31.12.21
Total employees		284	268	272	322	302	285
	Of which fixed-term contracts	8	8	2	10	5	3
Full time		216	189	182	303	286	269
Part time		68	79	90	19	16	16
Staff employed under collective agreements		91	96	106	63	62	60
Staff not employed under collective agreements		193	172	166	259	240	225

Turnover rate by age group
in %

	2023	2022	2021
Age group			
< 25	0.0	1.9	0.0
25 – 30	8.6	3.7	6.9
31 – 40	14.3	24.1	17.2
41 – 50	17.1	22.2	6.9
51 – 60	48.6	37.0	48.3
> 60	11.4	11.1	20.7

New employees by age group[1]

	Women			Men		
	2023	2022	2021	2023	2022	2021
Employees						
< 25	0	0	0	0	0	1
25 – 30	2	2	4	6	3	4
31 – 40	13	5	3	12	22	9
41 – 50	7	5	3	8	12	5
51 – 60	5	2	0	6	1	0
> 60	0	0	0	2	2	0
Trainees						
< 25	0	2	1	1	4	2
25 – 30	2	4	1	7	3	1
31 – 40	0	0	0	1	0	1
41 – 50	0	0	0	0	0	0
51 – 60	0	0	0	0	0	0
> 60	0	0	0	0	0	0

[1] Age upon joining the company

New employees by gender

	Women			Men		
	2023	2022	2021	2023	2022	2021
Employees	27	14	10	34	40	19
Trainees	2	6	2	9	7	4

Based on an average of 593.4 employees, the turnover rate was 5.9 per cent in the 2023 reporting year (2022: 9.4 per cent, 2021: 5.1 per cent). A total of 42.9 per cent of this turnover was accounted for by female employees (15), while 57.1 per cent was accounted for by male employees (20). The average length of time at the company is 15.2 years. No noticeable differences between regions were recorded.

The turnover rate is primarily attributable to age-related factors (retirement and/or early retirement). Unintentional turnover (termination of the employment relationship by employees) is moderate, whereas in 2022 a post-COVID-related increase was recorded.

3.1.1 Promoting an open and fair working environment

GRI 401-3, 402-1, 405-1, 405-2, 406-1, 407-1

Berlin Hyp's objective is to offer employees a long-term, attractive workplace with a certain degree of autonomy and development potential. Berlin Hyp sees itself as a company where the development of the potential of each and every employee, regardless of their function and hierarchy level, is possible and necessary for the company's success. Employees are provided with the required framework to enable them to move forward with their development autonomously, with the support of their superiors.

The Bank has taken a participatory approach to designing the change processes, which encourages employees to get involved; as a result, they identify more closely with the new developments. Examples of the Bank's approaches here include communities, working groups, the brand ambassador role and participation in the establishment of the new B-One working environments within the framework of the construction project for the Bank's new headquarters.

In terms of staffing, the aim is to attract employees with the right mindset for actively shaping values and corporate culture, in addition to their qualifications. The HR department is responsible for systematic human resource planning. In order to keep the planning up to date and realistic, megatrends (e.g. digitalisation/automation, ageing society, knowledge culture, individualisation), developments in new and established business areas and regulatory requirements are taken into account. New job descriptions and management approaches are being implemented at the Bank, whereby these are derived from identified trends and the needs of customers and employees.

HR requirements are met using internal and external resources. Open positions are always advertised internally; externally only where required. By employing trainees, full-time students, dual students and interns, we ensure that we continue to gain young talent. Many of these people are subsequently employed on a permanent basis and develop from young talents into professionals. In addition to the trainee program, Berlin Hyp hires new graduates. The position of HR Business Partner for junior staff that was established in 2023 supports and develops junior staff at Berlin Hyp in a target group-specific manner in order to offer them long-term opportunities within the Bank.

Taking into account the Bank's existing staffing levels, the overall availability risk for vacant positions is considered to be increasing, but still moderate on the whole. In order to generate more applications, the quality of the job offers was optimised. The design of benefits was also revised in order to make jobs more attractive to female applicants. The issues of "active sourcing" and "onboarding" were integrated into the strategy in 2021. New employees are integrated into the company with our onboarding process before their very first day of work (e.g. personal introduction on the intranet, regular communication until the first day on the job). The HR department supports the specialist departments with orientation planning and the preparation of all necessary applications for access and hardware. All of this is done to ensure that new employees feel welcome from the very first day. The position of Talent Acquisition Manager established in 2023 in order to further expand and improve the strategy for sustainable recruitment and critically examine and optimise existing processes succeeded in professionalising existing staffing procedures. This resulted in a positive development of applicants' experience with the Bank as reflected in external employer rating portals. Furthermore, one position was filled by directly addressing individuals via career networks. Talent acquisition management focused more regularly on active sourcing, resulting in a moderate response rate. In 2023, the number of applications received was higher than in the previous year. Due to continuously increasing requirements for staffing, and in order to further improve the strategic orientation of recruitment, the hiring of an additional Talent Acquisition Manager is planned for 2024. Moreover, the careers page on the Bank's website is to be revised in order to expand it and make it more tailored to target groups.

During the reporting period, the number of slots in the training programmes developed in line with the needs of the target groups and of Berlin Hyp. The training slots were staffed with suitable new talents. The focus here is on sustainable management of new talent. This means that on the one hand, recruitment must be in line with the quantitative and qualitative needs of the Bank, while on the other hand it must be aligned with the career expectations and potential of the young talents. In the reporting year, the Bank had 20 trainees and 5 dual students (2022: 19 trainees and 4 dual students, 2021: 12 trainees and 4 dual students) in a training programme.

The managers play a special role in the implementation of the corporate mission statement and contribute to the support of the employees in their development throughout their individual career and life phases. The requirements for the managers of the Bank were specified in Berlin Hyp's competence model. The Bank's competence model comprises the skills, knowledge and conduct requirements for employees that the Bank requires in order to be able to implement its strategic mission statement in a dynamic environment. A new support tool will be rolled out in 2024 in order to analyse and further develop cooperation and work within the various teams. More information can be found in 3.1.2 "Well-being and development opportunities".

Digitalisation and automation are changing working conditions in a very tangible way. New working environments and mobile technical equipment help to relieve the burden on employees in their day-to-day work and give them greater flexibility. This was a success factor for Berlin Hyp, particularly during the COVID-19 pandemic. If contact restrictions and physical distancing rules are imposed, employees can use digital or hybrid forms of communication and collaboration at any time. This is continuing to impact the daily work routine in the aftermath of the COVID-19 pandemic as well, and it has also had a positive effect on the work-life balance. In order to continue to increase employee flexibility, as of Q3/2023 it is possible to work in other European countries up to 15 days per calendar year.

Within the framework of semi-annual HR reporting, HR KPIs are prepared and presented to the Board of Management and divisional management organisations. The relevance of the KPIs is verified on a regular basis and the KPIs are then adjusted where necessary.

Gender-specific age structure
absolute numbers

	Women			Men		
Age group	31.12.23	31.12.22	31.12.21	31.12.23	31.12.22	31.12.21
< 25	1	0	1	3	4	3
25 – 30	18	19	16	27	17	14
31 – 40	44	32	30	77	71	64
41 – 50	86	93	109	93	87	87
51 – 60	130	119	109	109	112	107
> 60	5	5	7	13	11	10

General age structure
in %

Age group	31.12.23	31.12.22	31.12.21
< 25	0.7	0.7	0.7
25 – 30	7.4	6.3	5.4
31 – 40	20.0	18.1	16.9
41 – 50	29.5	31.6	35.2
51 – 60	39.4	40.5	38.8
> 60	3.0	2.8	3.1

Employee rights

The employees at Berlin Hyp work almost exclusively in Germany and are therefore subject to the German regulations on labour law, operational co-determination and the right to freedom of association, in addition to the EU regulations. Furthermore, employees covered by a collective agreement also enjoy the immediate protection of the collective agreement provisions, since Berlin Hyp is a member of the collective agreement employers' association. In the event that major changes are made to business operations, the notification periods defined by German labour law and the German Co-Determination Act apply. In addition, major changes to business operations must be discussed and agreed upon by management, the Economic Committee and the Works Council. As a rule, Berlin Hyp complies with all labour law provisions of the countries in which it operates.

Through a series of agreements with the Works Council, Berlin Hyp has regulated important matters concerning employee rights beyond statutory requirements. Such matters involve, among other things, company rules, the company pension scheme and mobile working arrangements. The Works Council has the right to monitor the implementation of the agreed measures.

The following company benefits are offered to all full-time and part-time employees:

- → Company pension scheme with company contributions
- → Company subsidy for lunch meals
- → "Deutschlandticket Job" (railway ticket) with employer contribution
- → Voluntary accident insurance
- → Employer Assistance Program (EAP) – comprehensive consulting and referral programme for employees and their relatives
- → Bicycle fleet for use during breaks
- → Social Responsibility Day
- → Survivors' benefits (death benefits)

In comparison to the previous year, the following changes have become effective:

Social Responsibility Day:

Each employee at Berlin Hyp may use one Social Responsibility Day per year. The Social Responsibility Day can be spent in any social, charitable, church or government organisation of the employee's choosing (e.g. Kinderhaus Berlin-Mark Brandenburg e.V. etc.). Participation is voluntary. This opportunity has been available since 2014, but has not been included in reporting up until now.

Inflation compensation bonus:

The inflation compensation bonus was agreed on in November 2022, with effect from 1 December 2022, in accordance with a works agreement. The bonus was paid in two instalments (with the December 2022 and February 2023 salary payments). Therefore, the bonus is listed in the 2022 report but was not mentioned for 2023, as only the payment was made.

Deutschlandticket Job:

The previous BVG company ticket with a 5 % BVG discount was replaced on 1 January 2023 by the BVG company ticket model with an employer contribution. The Deutschlandticket Job was then introduced on 1 May 2023, also with an employer contribution. On 1 July 2023, the Board of Management decided to cover the full costs for the Deutschlandticket Job. This measure sends a clear message with regard to the mobility transition and also promotes the use of local public transport.

The company pension scheme is an important component of the additional benefits that Berlin Hyp offers its employees. The Bank has different pension programmes that have developed throughout the history of the company. Pensions are direct commitments by Berlin Hyp that are financed in their entirety by the company. Depending on the pension programme involved, the Bank pays retirement pensions, early retirement pensions, disability pensions, widow's pensions and orphan's pensions. The pension regulations only apply to employees employed on a permanent basis.

For detailed information on the liabilities and information on pension provisions, see the "Reserves" section of the notes to the financial statements for the 2023 financial year.

Equal opportunities

Berlin Hyp firmly believes that diversity creates advantages out of opposites. In the interests of the Bank's long-term success, it considers the similarities and differences of its employees to be enriching and values every one of them. This stance was included in the "Empathetic cooperation" competence and the related behavioural anchor of Berlin Hyp's competence model that was adjusted in 2022, whereby efforts here focus on a respectful and fair culture of cooperation, based on equal opportunities and equal treatment. This position was, among other things, reinforced by the signing of the Diversity Charter. Berlin Hyp's Code of Conduct provides employees and business partners with a clear guide for their daily actions in this regard. In 2021, Berlin Hyp issued an Equal Opportunities Policy that applies equally to all employees in terms of its principles and the duty to promote diversity. The aim of the Equal Opportunities Policy is to foster an open corporate culture free of prejudice that allows employees develop their potential in the interests of the Bank's long-term success and contribute their individual talents.

The diversity implementation concept of the HR division confirms the significance of diversity in the company and provides an overview of internal measures already being implemented and/or developed. The concept also presents internal measures that are planned for the future. In conclusion, additional external events in which Berlin Hyp AG will participate are mentioned.

The share of women among the entire staff of Berlin Hyp on the reporting date 31 December 2023 was 46.9 per cent (31 December 2022: 47.0 per cent, 2021: 48.8 per cent). As at the reporting date of 31 December 2023, the share of women on the Supervisory Board and the Board of Management was 33 per cent. Severely disabled persons accounted for 4.8 per cent of the workforce as at the reporting date 31 December 2023 (31 December 2022: 5.4 per cent, 31 December 2021: 5.4 per cent).

Berlin Hyp is striving to integrate the equal consideration of all genders for management positions into the corporate culture to an even greater extent. Due to organisational changes and the associated external new male employees, the share of female executives decreased slightly. The recruiting process generally aims to achieve a considerable increase here. As of today and with the existing organisational structure, fulfilment of the KPI of 33 per cent on the first and second management level below the Board of Management by 30 June 2025 is therefore considered to be at risk, the reason being among others the low absolute number of managers in connection with a low fluctuation in management positions. Our particular focus with regard to new employees is on identifying and recruiting suitable candidates. For further information on the target figures for female executives, see Management Report VI "Corporate Governance Statement Pursuant to Section 289f of the German Commercial Code (HGB)".

The measures to increase the share of female executives include but are not limited to:

- → In contracts with HR consultants: Contract clause that is to promote the inclusion and identification of female applicants in the recruitment process
- → The appointment of at least one woman to a wide variety of selection and observer committees
- → The evaluation of all selection procedures for all applicants, including but not limited to the criterion of diversity
- → Explicit inclusion of the subject of equal opportunities by the HR department when advising managers on HR matters (such as staffing)
- → The application management tool, which can systematically record and analyse the involvement of female applicants in every recruitment process of Berlin Hyp
- → Job postings that are attractive for all genders (e.g. updating the imagery used)

The Frauennetzwerk@BerlinHyp has been operational since 2022. The network provides a basis for an active and transparent exchange of information on topics such as assuming responsibilities, equality and career perspectives. The initiative targets all female employees who wish to contribute to a work environment where women, just like men, want to, can and are able to assume responsibility. The network has been growing steadily since it was established. As at 31 December 2023, 67 female employees were members of the network.

We are not aware of any cases of discrimination during the reporting period.

It goes without saying that we are absolutely committed to the principle of equal pay for men and women who do the same work. As a member company of the Employers' Association for the Private Banking Industry that is bound by collective agreements, Berlin Hyp applies the collective agreements for the private banking industry and public banks. In addition, Berlin Hyp implemented a remuneration system based on performance, success and market needs for all staff not employed under these agreements. For such staff, this means that their remuneration is also determined on the basis of objectively weighted assessment criteria. Both of these remuneration regulations ensure fair, transparent and non-discriminatory remuneration.

The analysis of the gender neutrality of the remuneration systems in accordance with regulatory requirements for banks shows that the calculation of the remuneration for staff employed under a collective agreement, staff not employed under a collective agreement, members of the Board of Management and members of the Supervisory Board is gender-neutral and no gender discrimination as to remuneration occurred for the same or equal work. A gender pay gap analysis in accordance with the regulatory requirements for banks was executed for the second time during the reporting period. The result showed that the gender pay gap in the analysed groups was unremarkable. The development of the pay gap will be regularly monitored and pro-actively managed.

Berlin Hyp actively encourages a healthy work-life balance, and therefore equal opportunities through flexible working time, workplace models and other measures. Trust-based working hours in conjunction with mobile working supports the employees to balance their work for Berlin Hyp with their personal and family activities. The employees can apply for capacity changes in their employment relationship at all times using a fixed process (workflow). An external advisory service, including a work-life service, is provided for employees and their relatives in the event of individual difficulties or problems. In December 2023, the Board of Management decided on a voluntary introduction of parental leave for the partners of female employees who give birth. As a result, Berlin Hyp will offer a two-week paid holiday for the mother's partner before the implementation of the expected legal provision.

Entitlement, return and continuance after parental leave

	Women			Men		
	2023	2022	2021	2023	2022	2021
Entitlement[1]	7	13	12	11	7	7
Used[2]	5	12	8	11	7	7
Return after parental leave[3]	2	6	3	10	7	6
Return rate in %	40	100	100	91	100	86
of which continued with the company[4]		6	8		6	5
Continuance rate in %		100	100		92	71

[1] Total new entitlements (birth of a child) and old entitlements (employees already using parental leave)
[2] Employees who took at least one month of parental leave (inactive employment relationship)
[3] Employees who were once again in an employment relationship in the reporting year after the end of parental leave
[4] Employees who were in a permanent employment relationship (not terminated by the employer) in the reporting year 12 months after the end of parental leave

3.1.2 Well-being and development opportunities

GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 404-1, 404-2, 404-3

Qualification and training

The aim of human resources development is to support the employees of Berlin Hyp in their personal and professional development. This also includes training, continuing and further education and career planning, Training sessions are planned, organised and executed in a structured process where the banking divisions are involved. A special focus is on the constant changes in the underlying internal and external conditions.

Megatrends such as digitalisation, automation and hybrid work environments, but also increasing regulatory and professional requirements, have led to changes in employee skill requirements at Berlin Hyp. The required skills are promoted at all times by a variety of needs-based in-house measures and external continuing education opportunities. Examples here include the “Berlin Hyp Young Talents Day” series initiated in the reporting period for all junior staff and young professionals, as well as the training courses offered to promote the digital skills of Berlin Hyp’s staff. In addition, the Credit division implemented a programme specifically for young professionals during the reporting period. Since the beginning of 2023, all employees have been offered an internal qualification programme on the topic of data science in cooperation with the Digital Business University of Applied Sciences. This programme includes digital learning content, as well as podcasts, group chats, workshops, boot camps and coaching sessions. The programme is divided into the three learning paths of “Data Manager”, “Advanced Data Manager” and “Data Scientist”.

“Learning World Berlin Hyp”, which was introduced in 2021, can be used by all employees at all times, offers learning and development opportunities in various categories and includes an onboarding workshop. To ensure employees’ long-term professional development, emphasis continues to be placed on context-related and ad hoc learning directly linked to specific work and change processes. Learning behaviour has shifted towards a higher proportion of virtual learning formats, “learning nuggets” within shorter time frames and the autonomous use of various platforms and formats. All employees at the Bank are therefore afforded the opportunity to use the external learning platform “Linkedin Learning”. The Bank uses this platform to offer staff members digital learning units on relevant topics in the areas of business, IT/technology and creativity. The platform also makes it possible to offer individual learning paths defined by Berlin Hyp. For example, a learning path on the topic of diversity was offered during the reporting period.

Within the learning and development context, employees are responsible for pursuing the autonomous development of their skills and actively sharing their knowledge; managers are responsible for actively supporting this process, presenting development perspectives and providing continuous feedback on behaviour and performance; the HR department is responsible for creating modern, needs-based, value-adding learning formats and framework conditions for the professional development of employees and managers.

As Berlin Hyp is forced to undertake organisational adjustments due to the increasing frequency and complexity of economic, regulatory, political and social changes, an internal training series on the topic of organisation development was started in 2022 and then continued during the reporting period.

Berlin Hyp’s management development method employs a holistic approach with a focus on needs-based and collective learning. Derived from the Bank’s strategic leadership requirements, the individual needs of managers and insights from learning theory, the approach uses guided process learning based on specific management situations and provides support for change processes. This supports the goal of establishing a modern and sustainable management culture in line with the Bank’s strategy. A peer learning system on the topic of modern leadership was rolled out in 2022 and will be continued. The system offers managers a space to exchange information with one another and reflect on new perspectives, ideas and solutions relating to the new requirements of work environments. A new tool that has been developed in order to further strengthen the feedback culture within the Bank’s teams will be rolled out in 2024.

As a central element of talent management, the Hyp expert career is an alternative development option that is equal to the management career option. In order to promote the expertise and effectiveness of Berlin Hyp experts, the experts are individually supported on a needs-oriented basis, whereby support here includes qualification measures as well. Three additional experts were appointed in the reporting period, which means we currently have five experts in our organisation.

Within the framework of the top-level qualification programme for young professionals, which focuses on promoting young employees, these experts can apply for a mentioning programme or a place to study – e.g. a course of study in real estate economics. In the reporting period, two places to study were successfully filled. One of these started in 2023, while the other will start in 2024, thus promoting participation in the specialist training programme offered to employees. The top-level qualification programme for professionals also includes support for university degrees to be obtained alongside work for all other employees, as well as measures suitable for the specific qualification needs of the executives at the first level below the Board of Management. Within the framework of Group-wide learning opportunities, a place below the Board of Management level on the topic of digitalisation was awarded in the "LBBW Academy".

In order to support strategic resource planning, early retirement and severance agreements are offered on the basis of a works agreement. Employees who terminate their employment relationship via a severance agreement may avail themselves of a new-placement counselling service funded by Berlin Hyp. The goal here is to offer adequate career prospects to employees as quickly as possible. In 2023, one person used the new-placement counselling service. Despite the limited demand, the programme will be maintained and will be offered proactively by the HR division in the event of a termination of the employment contract by mutual agreement.

In the course of the annual analysis process related to the target agreements of the previous year, all employees receive feedback regarding the fulfilment of their performance and behaviour targets. Moreover, employees or managers are free to initiate a so-called perspective meeting to discuss their development prospects. The training stages in the dual study programme and in the trainee programme are supported by feedback from the specialist departments and the central training manager.

The Bank has allocated an average of 3.5 training days per employee and per year as the target. Employees had an average of 4.8 days of training and continuing education in 2023 (2022: 4.7 days; 2021: 4.0 days). An average of 31 hours thereof (2022: 31.4 hours, 2021: 27.3 hours) is attributable to full-time employees and an average of 32.9 hours (2022: 26.1 hours, 2021: 21.4 hours) to part-time employees. Employees had an average of 31 hours of training and continuing education in the reporting period (2022: 29.3 hours, 2021: 23.9 hours), while executives spent an average of 34 hours (2022: 42.1 hours, 2021: 43.5 hours) on training and continuing education. The data are based exclusively on completed formalised further education events (e.g. seminars, expert conferences, coaching). The documentation of context-related and ad hoc learning directly linked to specific work and change processes (e.g. workshops and information provision close to the work place) is still being expanded. In addition to a variety of tailor-made in-house measures and select external training opportunities, the current figures result from development measures implemented as part of change processes as well as targeted training to improve the digital skills of the workforce. In light of all this, Berlin Hyp considers the qualification risk to be low.

Further training and continuing education by gender

	Women			Men		
	2023	2022	2021	2023	2022	2021
Average hours per capita	33.9	30.7	27.1	26.4	30.4	25.3

Further training and continuing education by age group

Average hours per capita	2023	2022	2021
Age group			
< 25	0.1	0.2	0.0
25 – 30	1.7	1.5	1.0
31 – 40	6.6	6.5	4.6
41 – 50	9.3	8.8	9.3
51 – 60	11.6	12.6	10.6
> 60	0.6	0.9	0.6

Occupational health and safety and health protection

Occupational health and safety and health protection at Berlin Hyp are also organised in accordance with legal requirements or regulated in company agreements. The responsible departments, on behalf of the Board of Management, do not negotiate issues of occupational safety and health protection directly with trade unions, but – in accordance with legal requirements – with the Works Council. In addition, overarching issues of occupational safety and health protection can become the subject of collective agreements between the collective bargaining associations.

A central occupational safety committee has been established at the Berlin site. The tasks and the composition of the committee are in line with the provisions of the Occupational Safety Act (ASiG). Safety officers are appointed in accordance with the legal requirements contained in the Occupational Safety Act. Employees based abroad are subject to the respective country's legislation. Inspections and consultative talks take place at the sites abroad on a regular basis.

The regulations for the Bank's reintegration management system applicable to establishments in Germany in accordance with section 167(2) of the German Social Code IX are included in a works agreement. The reintegration management support team acts as a central control point in this area. It is comprised of representatives from HR, the Works Council and the disabled employees' representation body. By involving external expertise in the specific execution of individual reintegration management procedures, Berlin Hyp supports employees who wish to return to work after being incapacitated and helps prevent such incapacitation from repeating itself in future in order to ensure the continuation of the employment relationship over the long term.

All Berlin Hyp employees are represented in the occupational safety committee. On a quarterly basis, representatives from the HR division, the Works Council, the disabled employees' representation body, as well as safety officers, the Occupational Safety Officer and the Fire Safety Officer of the Bank, meet with the company physician and the Work Safety Officer to discuss employment law issues. Topics include but are not limited to accidents at work, vaccination protection, risk assessment, evacuation exercises, relevance and implementation of new regulations, and the results and insights from cyclical inspections, as well as current health and safety measures.

As a rule, Berlin Hyp only has office work stations, whereby the Bank does not have positions that pose a significant danger to employees or lead to a higher rate of illness, which means employees do not face the risk of typical occupational illnesses or diseases as defined in Annex 1 to the Regulation on Occupational Diseases (BKV). The external Work Safety Officer and the external Fire Safety Officer conduct site inspections on a regular basis.

In order to prevent common health problems that can arise as a result of long periods of sitting at work, Berlin Hyp makes an extensive effort to ensure that workstations are designed ergonomically, and the Bank also offers occupational health check-ups on a regular basis. All affected employees have the possibility to get a check-up for staff with jobs in front of computer screens (G37).

Employees may contact their supervisors, safety officers, the Occupational Safety Officer, the company physician or the Works Council at any time if a potential work-related risk or a potentially dangerous situation should come up. The situation is then evaluated with the Work Safety Officer, the risk assessment is adjusted where required and/or a risk assessment is prepared and, where necessary, the occupational safety committee and the Works Council are informed. Occupational Safety acts with a direct reporting line to the Board of Management and has its own budget in order to be able to initiate ad hoc measures etc.

Occupational health services are provided by an external company physician. The company physician is available for any problems or difficulties with potential indirect or direct impacts on the workplace (e.g. ergonomic issues, questions regarding working at a monitor). The physician's consultation hours and contact data are published on the intranet. The physician also conducts check-up examinations for employees. Flu vaccinations are offered as well.

Berlin Hyp does not have a certified management system for occupational health and safety and health protection. The employees are provided with information via publications on the intranet, displays in the Bank and processes in the organisation manual. In urgent situations, messages are sent via e-mail to all Bank employees.

Information on infection protection/pandemic control is mainly provided to employees via the intranet, in particular in the form of FAQs (hygiene regulations, physical distancing regulations, test options, information on vaccines, consultation with the company physician, etc.). Employees who are first responders, fire safety assistants or safety officers are trained on a regular basis. Occupational Safety monitors the required training intervals. Training courses on how to use the defibrillator were offered to all interested employees in the reporting year.

All employees must attend an occupational safety training course once a year. Employees who enter rooms that may contain extinguishing gases etc. are trained separately. Evacuation exercises are also held every two years, at the latest.

Health promotion activities include programmes for reducing health stress risks and strengthening self-determination by promoting social and individual health awareness. Information on the following services is published on the intranet; these services can be used by all employees:

→ Free third-party consultations (EAP): this service relates to all professional and private issues and is supplemented by an information and agency service for family issues. The service is also available free of charge to the relatives of the employees affected.
→ Flu vaccine: Annual flu vaccinations are offered at the Berlin site. Berlin Hyp bears the costs.
→ Check-up examinations and consultation for employees: employees may avail themselves of a free check-up examination with the company physician every two years. The check-up is also used to address personal risk factors, discuss preventive measures and make recommendations for further examinations with the family/specialist physician.

Betriebssportgemeinschaft Berlin Hyp e.V. (company sports club), supported financially by Berlin Hyp AG, also makes an important contribution to the health of employees. For more than 25 years, the club has organised sports events and activities that improve employee fitness and increase team spirit. Currently, the club has more than 380 members.

Regular inspections ensure the early detection of potential risks. The external Work Safety Officer and the external Fire Safety Officer conduct these on a regular basis. Berlin Hyp's building systems organisation manages the regular maintenance and inspection of facilities relevant to work and fire safety in such a manner as to ensure timely implementation by specialised staff in line with applicable standards. This is reviewed – for example – in the internal environmental audits in the form of random tests based on test reports.

In autumn of 2022, a survey of all employees was conducted within the framework of the risk assessment for mental stress; the results, which were communicated in the first quarter of 2023, formed the basis for the introduction of appropriate measures in the months that followed. Starting in the 4th quarter of 2023, a selective effectiveness review will be initiated. The assessment is based on a works agreement on physical and mental risk assessment.

3.1.3 Fair remuneration policy and proportionality of commissions and bonuses

GRI 2-19, 2-20, 2-21

Berlin Hyp is subject to the regulatory requirements of the German Remuneration Ordinance for Institutions (IVV). As a member company of the Employers' Association for the Private Banking Industry that is bound by collective agreements, the Bank applies the collective agreements for the private banking industry, and in addition, Berlin Hyp implemented a remuneration system based on performance, success and market needs for all staff not employed under collective agreements. For such staff, this means that their remuneration is also determined on the basis of objectively weighted assessment criteria.

The remuneration strategy and the remuneration systems for the Board of Management, for staff not employed under collective agreements and for staff employed under collective agreements are reviewed on a case-by-case basis, but at least once per year and with the involvement of the Remuneration Officer, and are updated as needed. A remuneration meeting is organised on an annual basis in order to review and, where required, adjust individual remuneration. The Works Council is involved in this process.

A distinction is made between fixed and variable remuneration. Variable remuneration is meant to acknowledge sustainable and risk-adjusted performance in excess of the fulfilment of obligations pursuant to the employment contract in question. Variable remuneration is granted conditional upon sustainable positive overall success of Berlin Hyp. Success is not only measured in terms of quantity, as the quality of overall success in the previous financial year is also evaluated. Ever since the 2020 financial year, the degree of achievement of the sustainability target "green building share" has been taken into account in the quality evaluation.

In 2023, the sustainability target of a 30 % green building share was exceeded (35.4 % share).

Despite the fact that the target was achieved, the improvement of the green building share is still being monitored, which will enable the Bank to define further steps for the coming 2024 reporting year. This approach is meant to ensure that Berlin Hyp can maintain its positive level of ambition in this area.

The remuneration policy is regularly monitored by the Supervisory Board, with support from the Remuneration Control Committee. The members of the Supervisory Board receive a fixed remuneration for their work. The Annual General Meeting decides on the remuneration of the members of the Supervisory Board. The remuneration regulation does not apply to members of the Board of Management and other employees of LBBW who hold shareholder mandates in the Supervisory Board of Berlin Hyp AG. They do not receive remuneration for these Supervisory Board mandates. No variable remuneration is paid. The remuneration of the highest control body is not bound by performance criteria relating to social, economic and environmental issues.

The variable remuneration of the members of the Board of Management, of staff not employed under collective agreements (including executive employees) and staff employed under collective agreements, is calculated on the basis of the fulfilment of the agreed targets (individual target agreements), taking into account both quantitative and qualitative remuneration parameters, which focus on the development of strategic, financial and non-financial KPIs and support the fulfilment of the strategic targets. The Bank's strategic objectives are described in the Objectives and Strategies segment in the Principles of the Bank section of the Management Report.

The individual target agreements for the variable remuneration of the members of the Board of Management, determined by the Supervisory Board, support Berlin Hyp's sustainable development. For the 2023 financial year, the Supervisory Board upheld the goal of pressing ahead with the Bank's ESG agenda. The focus is on the expansion of the green building portfolio within the financing portfolio, on the increase of the transparency of the CO_2 portfolio, on the successful development of a decarbonisation path for the entire financing portfolio and on the maintenance and/or improvement of ESG ratings in the upper decile.

For customer service staff in sales units, for example, the green building share was established as a quantitative remuneration parameter in individual target agreements, as was the improvement of ESG products.

Ever since 2018, a clawback clause for variable remuneration in accordance with the requirements of the German Remuneration Ordinance for Institutions has been part of the Supervisory Board policy on the remuneration of the members of the Board of Management and has also been part of the remuneration systems for staff not employed under collective agreements and staff employed under collective agreements. In addition, a works agreement and individual agreements with executive employees are in place in order to consistently implement the requirements of the Ordinance throughout the company. For information on the remuneration of the members of the bodies, see the attachment "Remuneration of the Board of Management" in the Annual Report for the 2023 financial year.

The median of the remuneration for staff including the members of the Board of Management excluding the highest remuneration of all sites in the 2023 financial year amounted to €90,945.99 (2022: €88,717.74, 2021: €86,942.25); this includes part-time employees and employees joining and leaving the company during the year, which were not converted into full-time equivalents and/or values for the entire year. In 2023, the highest annual remuneration, including fixed and variable components, was 10.4 times above the median of the remuneration of all employees (2022: 9.6 times, 2021: 9.1 times).

3.2 Social Concerns

GRI 3-3

Berlin Hyp bears social responsibility in terms of its economic capacity and makes a positive contribution to improving public quality of life. This includes but is not limited to Berlin Hyp's social commitment, examples of which are described in the sections below. Berlin Hyp has an impact on social concerns through its activities as a financial services provider, in particular with its products and services. This includes measures such as the integration of social criteria into the Bank's own investment business and financing projects as well as the responsible design of digital processes and products. The transparent presentation of the Bank's performance to customers and data security are highly relevant for Berlin Hyp, while the Bank's social commitment (corporate citizenship) activities aim at strengthening its foothold in society.

3.2.1 Corporate social responsibility

GRI 203-1, 203-2, 413-1

Berlin Hyp's charitable and corporate citizenship activities focus on supporting socially disadvantaged children and young people, as well as support for sports and athletic activities, whereby all of this is stipulated in the Corporate Citizenship Guideline. The Bank focuses its activities on the following two institutions:

→ Kinderhaus Berlin-Mark Brandenburg e.V.
→ Betriebssportgemeinschaft Berlin Hyp e.V.

Socially disadvantaged children and young people should be able to grow up in an environment that provides them with the physical and material security they need to realise their full potential. Furthermore, the Bank's activities here are meant to encourage Berlin Hyp employees to participate in sports and increase their awareness of the importance of health and physical well-being. Within the framework of its long-term partnership with the charity Kinderhaus Berlin-Mark Brandenburg e.V., Berlin Hyp supported the social welfare of children and young people in the reporting year with funding in the amount of €34,000, and the Bank is also helping to safeguard the community in the Kinderhaus.

Moreover, Berlin Hyp supported the Betriebssportgemeinschaft Berlin Hyp e.V. for the entire year in 2023 with a donation of €35,000. This measure is meant to encourage Berlin Hyp's employees to participate in the Betriebssportgemeinschaft (company sports club) and to take part of their health into their own hands by participating in sports and athletic activities in order to increase their awareness of the importance of health and physical well-being.

3.2.2 Customer relationship management

The principle behind customer relationship management is as follows: "We create lasting value for our customers and for our owners and ensure that our standards are in line with their expectations." In compliance with the principle of good governance, Berlin Hyp commits to only offering ethically acceptable products and services and to providing all customers with responsible and forward-thinking advice that meets their needs and clearly describes the respective advantages and risks. More information is available in the "Guidelines for responsible behaviour towards customers" at https://www.berlinhyp.de/en/sustainability/guidelines. The Bank's behaviour towards customers in financial difficulties is based on the 18 principles of the European Banking Authority: „Good Practices for the Treatment of Borrowers in Mortgage Payment Difficulties". In this manner, customers with potential financial difficulties are identified early on via an early-warning monitoring system and then contacted by specially trained employees. Such customers are provided with targeted sources of information. Furthermore, they are afforded the opportunity to present their own payment concept without too much pressure.

3.2.3 Consideration of social criteria when issuing bonds

By issuing its first Social Bond in May 2022, Berlin Hyp considerably underscored the holistic nature of its ESG strategy. The underlying Social Bond Framework is based on the ICMA Social Bond Principles and addresses "affordable housing" in Germany and the Netherlands. The classification of affordability depends on the currently applicable social laws in the respective country.

The Social Bond Framework was updated in March 2023 in order to adequately take into account the development of social legislation in both countries.

Ever since its first Social Bond issue, Berlin Hyp has become a regular issuer of Social Bonds, with 3 outstanding Social Bonds and an outstanding total volume of €1,750 million.

In March 2023, Berlin Hyp published allocation and impact reporting for its Social Bonds on its website for the first time. Since that time, the Social Finance portfolio has increased from €2,793 million to €2,918 million. With a financed total residential space of 6,186,084 m2 (2022: 6,079,346 m^2) and 100,859 financed residential units (2022: 99,896), Berlin Hyp was able to provide for an estimated 250,720 household members in 2023 (2002: 243,968). Climate protection and affordability of housing go hand in hand at Berlin Hyp, which is why eligible properties of all housing companies need to be among the top 70 per cent of the national residential building stock in terms of energy efficiency. The actual Social Finance Portfolio significantly exceeds this minimum requirement with an average energy demand amounting to 102.45 kWh/m2 per year (2022: 103.29 kWh/m^2 per year).

3.2.4 Consideration of social criteria when selecting financing projects

Within the framework of updating the Sustainable Finance Framework, the Social Loan as a new financing product was supplemented and introduced within the loan process. At the same time, the criteria for the Social Bond were transferred to the lending business. Social Loans refer to the financing of affordable housing in Germany and the Netherlands. With the Social Loan as a new financing product, Berlin Hyp is looking to support the creation and provision of affordable housing. The eligibility criteria applicable to the Social Bond apply in this case as well. The criteria are detailed in the Sustainable Finance Framework at https://www.berlinhyp.de/en/sustainability/sustainable-finance. The issue of Green Loans is also subject to compliance with social criteria within the framework of the taxonomy loan product variant. The taxonomy loan includes compliance with the minimum social safeguards of the EU taxonomy.

3.2.5 Data security

GRI 418-1

Berlin Hyp collects, processes and uses the personal data of employees, customers and business partners. They are used in the general business operations and allow customers to receive advice and support according to their needs.

This personal data may only be handled with care, in compliance with the law and in accordance with unambiguous rules, in order to demonstrate that the Bank is worthy of the trust placed in it by its customers. Internal instructions (e.g. Data Protection Policy), the keeping of records of processing activities, the monitoring of processes (e.g. conducting a data protection audit) and the use of processes to guarantee the rights of data subjects (e.g. processing a data protection request for information) ensure that the General Data Protection Regulation and other data protection provisions are complied with at Berlin Hyp. The Data Protection Officer reports yearly, or on an ad-hoc basis whenever necessary, to the entire Board of Management with an update on data protection within the company.

Berlin Hyp operates an information security management system (ISMS) based on the ISO 27001 standard, which fulfils the regulatory requirements contained in MaRisk AT 7.2 in conjunction with BAIT. Berlin Hyp has set up an information security organisation and appointed an Information Security Officer (ISO) with a direct reporting/information line to the Chief Risk Officer. Experts are also involved, in particular in the IT department (operational information security) and in the Facility Management department (physical security).

Berlin Hyp's ISM guideline adopted by the entire Board of Management establishes the basic objectives and framework conditions for Berlin Hyp's information security and is both a demand and an obligation for all (external) employees to act in accordance with the law and responsibly handle any and all information in need of protection. On this basis and taking into account applicable regulatory requirements, the institution-specific Security Control Framework is an integral part of the Bank's written regulations and addresses security requirements for all relevant organisational units. Regular security reviews identify information (security) and IT risks, which are then assessed and addressed with corresponding measures. The ISO regularly makes all employees aware of various information security issues.

The ISO reports on the status of information security to the entire Board of Management on an annual basis, and to the Chief Risk Officer on a quarterly basis, or on an event-driven ad hoc basis if security-relevant issues arise.

In 2023, no justified complaints were received in connection with the protection of customer data.

3.2.6 Transparent performance presentation

GRI 2-16, 417-1, 417-2, 417-3

After the EU Action Plan for "Financing Sustainable Growth" was published, the regulatory pressure on CO_2-intensive industries to achieve climate targets increased. This in turn increases the significance of the transparent presentation of sustainability activities and their impacts, opportunities and risks. In addition, a high degree of transparency within the company supports efficient and targeted planning and control.

In November 2022, Berlin Hyp published its new Sustainability Guideline, which comprises and transparently presents all material sustainability guidelines for the core business, including the exclusion of business activities in industries bearing relevant sustainability risks.

Another successful step was joining the United Nations Environment Programme Finance Initiative (UNEP FI) and signing the Principles for Responsible Banking (PRBs) in October 2022. The initiative catalyses measures throughout the financial system in order to align the economy with sustainable development. The clear commitment to the United Nations Principles for Responsible Banking is another step towards manifesting Berlin Hyp's sustainability strategy. Within the framework of the PRBs, Berlin Hyp will also publish an annual progress report. The first report was published in the second quarter of 2023.

With regard to the requirements for product and service information and labelling, Berlin Hyp acts in accordance with the guidelines of the ICC Marketing Code. This code is based on three fundamental principles:

- All marketing communication should always be legal, decent, honest and truthful
- Marketing communication activities should always adequately reflect a sense of professional and social responsibility and should comply with generally accepted principles of fair competition
- Marketing communication activities should never cause damage to consumer trust in marketing

Communication and Marketing is responsible for applying the principles. It also provides information to the commissioned marketing service providers in order to ensure responsible marketing. Berlin Hyp has also established its own complaints management system within the Governance division. This system aims at continuously increasing customer satisfaction.

All complaints received during the audit period are regularly analysed. The results are provided to the Board of Management and the legal department. Every complaint in connection with securities services is also reported to the Compliance department as an initial to ensure compliance with the obligation to report to the German Federal Financial Supervisory Authority (BaFin) in accordance with section 34d (1) of the German Securities Trading Act (WpHG).

In 2023, no violations of regulations in connection with product and service information and marketing and communication were reported.

3.3 Fight Against Corruption and Bribery

GRI 3-3, 2-23, 2-24

In order to ensure success in the markets, one of the Bank's main objectives is to maintain and strengthen the great trust of its customers, employees, owners and regulators. The protection of the reputation of the Bank is therefore a high priority. In order to counter reputational risks, prevention of corruption (which basically means the element of bribes in commercial practice as defined in section 299 of the German Criminal Code – StGB), anti-competitive behaviour and compliance with increasing legal requirements for Berlin Hyp's products and services thus have a decisive impact on the success of the Bank's business activities.

3.3.1 Compliance

GRI 2-27, 206-1, 207-1, 207-2, 207-3

The benchmark for the actions of Berlin Hyp's employees is compliance with the law, established banking standards and internal regulations, provisions and guidelines. Employees are required to respect and comply with the laws and regulations that apply in the respective jurisdictions in which the Bank operates. The Code of Conduct describes all values, principles and methods that guide the business activities conducted by Berlin Hyp. The Code of Conduct includes the commitment made by all employees at Berlin Hyp to treat customers, sales partners, service providers and other market participants in accordance with ethical and legal principles. Together with the Sustainability Mission Statement, the Code of Conduct is meant to safeguard and increase the value of the enterprise.

In order to ensure ethically and legally correct behaviour, compliance activities focus on the prevention of money laundering, terrorist financing, insider trading, fraud, corruption and other criminal acts in the Bank's business environment. For example, Berlin Hyp has implemented measures to prevent transfer fraud, thereby enabling it to detect attempted fraud at an early stage and minimise any losses. Compliance risks are analysed on a continuous basis. The so-called risk analysis is the basis for the assessment and minimisation of potential risks from the above-mentioned criminal acts. It covers all sites of the Bank and is conducted and documented on an annual basis. The analysis also includes fraud risks and assesses the corresponding control activities of the units. The Bank regularly reviews and, where required, updates the prevention measures derived from the risk analysis. Furthermore, Berlin Hyp analyses cases or suspected cases in the entire industry that it becomes aware of in order to derive and/or improve preventive measures for its own organisation and exclude future risks to the best of its ability. The proper implementation of internal requirements is also reviewed according to schedule – and on an ad hoc basis where necessary – by the Internal Audit division, which reports directly to the Board of Management.

The issues "compliance" and "legal" have been firmly established within the Governance division. The head of Governance also assumes the function of Compliance and Money Laundering Officer. The Compliance Department regularly updates the management on the Bank's compliance management, unrelated to any specific events. In addition, ad hoc information is provided on a case-by-case basis in the event of serious violations of compliance regulations. The Supervisory Board receives a report on such issues at least once a year. There were no anomalies in this regard during the reporting period.

For its own investments (Portfolio A), Berlin Hyp uses a special filter (risk filter used by RepRisk AG) in order to give social and environmental aspects and financial goals equal consideration when investment decisions are made. It has established investment criteria based on ethical aspects and derived from the ten principles of the UN Global Compact, other internationally recognised sustainability standards and the Bank's compliance requirements. The risk filter used by RepRisk AG for the Bank's own investments (Portfolio A) at Berlin Hyp is based on these criteria. It is applied to the Bank's own investment business with the aim of giving equal consideration to the sustainable aspects of investing and the economic objectives. The analysis of Portfolio A and future investment decisions are based on the online database of RepRisk AG for the risk exposure of companies, projects, sectors and countries with regard to ESG issues. RepRisk AG assesses risks related to the destruction of the environment, climate change, greenhouse gas emissions, biodiversity, human rights violations (child labour, forced labour), complicity of companies, social discrimination, controversial products and services (alcohol, tobacco, pornography, weapons, nuclear and coal power), fraud and corruption that can negatively affect an organisation's reputation and financial profitability or lead to compliance problems.

Responsible tax conduct

Within the framework of its business model, Berlin Hyp mainly generates interest and commission income, which it uses to pay employee salaries and taxes and to generate profits.

As a legal entity with its registered office and management in Germany, Berlin Hyp has an unlimited tax liability in Germany. With regard to income from its establishments located abroad, Berlin Hyp has a limited tax liability. Furthermore, Berlin Hyp has a more advanced tax liability with regard to its business relationships to customers and business partners.

A tax obligation automatically causes tax risks. These are substantiated by the complex tax law framework conditions that often require interpretation and construction. Furthermore, tax risks result from uncertainties with regard to the correct tax treatment in the various jurisdictions (due to rapid changes), in part caused by international requirements that necessitate national implementation and technological developments that national and/or international legislative bodies more or less have trouble keeping up with.

Pursuant to Berlin Hyp's existing principles of conduct, which were documented in writing in a Code of Conduct in an overarching form, any form of tax evasion and political influence – be it by customers, the Bank itself or business partners – is rejected. Complying with applicable laws and regulatory provisions for the fight against tax evasion and other offences in connection with taxes in the markets and jurisdictions where it operates is a high priority for Berlin Hyp. These principles and tax legitimacy aspects are taken into account in all business transactions and decisions.

Berlin Hyp does not support customers with tax avoidance, even if the wording of a certain law would cover this, if such behaviour would nevertheless go against the intent of the law in question. The design of new products is always in line with tax conformity. Furthermore, Berlin Hyp adheres to the regulations and initiatives of tax transparency, e.g. the Foreign Account Tax Compliance Act (FATCA), the Common Reporting-Standard (CRS), the US Qualified Intermediary (QI) and Country-by-Country-Reporting.

Berlin Hyp's operations and tax liability are mostly based in Germany. The Bank's business model is not designed to be located in tax havens. As at 31 December 2023, the Bank did not have a branch office in a location on the "Common EU list of third-country jurisdictions for tax purposes".

As a rule, the Board of Management, as the legal representative of the Bank, has overall responsibility for compliance with the tax liability of Berlin Hyp. In the course of operational implementation, the Board of Management transfers the main responsibility for tax issues and concerns to the Finance division, in particular the Accounting and Tax Department.

In order to take into account the zero tolerance approach regarding tax offences, the Finance division established a Tax Compliance Management System (TCMS) commensurate to the size and complexity of the Bank. The contents and regulations of the TCMS were documented in writing in the Bank's tax manual. The TCMS and the processes, measures and controls established in this context ensure that internal and external regulations are adhered to and undesirable tax practices are detected and prohibited at an early stage. The overarching objective of the TCMS is to fulfil the Bank's tax liability in full, correctly and in time, and thus prevent compliance-related tax risks.

The concerns of stakeholders are addressed within the framework of regular communication, e.g. meetings and reporting. Important tax issues and projects are also presented to the

Board of Management for acknowledgement and/or approval. In order to take into account the perspectives of the various interest groups in the decision-making process, external expert opinions from tax advisors, auditors or legal experts are obtained, depending on the individual case.

In order to ensure friendly cooperation with the tax authorities, Berlin Hyp exchanges information with responsible tax authorities in an extensive, transparent and constructive manner. The Bank cooperates regularly or at least on an event-driven basis with banking supervisory authorities.

In accordance with international OECD standards and national provisions of Section 138a of the German Fiscal Code (AO), Berlin Hyp does not have the obligation to submit country-by-country reporting. Consolidated country report information in accordance with GRI 207-4 by country and/or tax location is not available, as the Group's parent company has the obligation to submit country-by-country reporting. Berlin Hyp as a subsidiary company reported the relevant data to LBBW, which in turn submitted a consolidated report for the entire Group.

3.3.2 Prevention of corruption and anti-competitive behaviour

GRI 2-16, 2-25, 2-26, 2-27, 205-1, 205-2, 205-3, 206-1, 415-1

Berlin Hyp has set itself the goal of preventing any attempts to commit fraud or corrupt behaviour. The selected measures to fight fraud and bribery with the involvement of management are described in more detail within the framework of the sub-aspects below.

All business sites are continually monitored by the Compliance department and the Internal Audit division. This includes the automatic review of all transactions. During the reporting period, the last on-site review conducted at the Paris branch office was in December 2023. No anomalies were identified during the reporting period. Another preventive measure is the firm incorporation of ordering and purchasing processes into the B-One division. A neutral body is in charge here, which in this case means that orders in excess of a certain size are checked by an employee from the purchasing department who is not involved in the specific case, without prejudice to the competency-based approval workflow and professional competence. By establishing a Purchasing organisational unit, the Bank has a body that is responsible for a uniform ordering process. Tender procedures are coordinated here. The Compliance department also supports all tender procedures.

Furthermore, the relevant sanctions lists are automatically compared with the entire customer base, and a similarity of names is sufficient for the Anti-Money Laundering Officer to initiate an investigation. The same applies to any and all payment transactions. This safeguards Berlin Hyp from doing business with sanctioned persons (e.g. from Russia) or with persons from sanctioned countries. No cases of corruption at Berlin Hyp were reported in the reporting period. In addition, no fines or monetary penalties were imposed on Berlin Hyp for non-compliance with laws and regulations in this period. Employees were trained and/or instructed on compliance with legal standards and internal regulations.

Berlin Hyp does not exert any political influence. In the reporting period, no submissions were made to legislative procedures, nor were any entries made on a lobby list. Donations to political parties or politicians are prohibited at Berlin Hyp in accordance with the Corporate Citizenship policy. Berlin Hyp contributes to the public debate on industry-related developments through its involvement in associations and industry institutions, which in turn must act within the framework of their statutes and submit to monitoring by their governing bodies. Currently, contributions for memberships in associations or support of initiatives are not recorded as a whole. The amounts of the membership contributions are stipulated in the relevant articles of association and are within the customary range for a company the size of Berlin Hyp.

Provisions are in place for donations and sponsorships as well as measures to prevent corruption and anti-competitive practices – e.g. the preparation or arrangement of agreements to restrict competition. Berlin Hyp treats competitors with fairness and respect. As a rule, all employees are required to avoid conflicts of interest and to contact their superior or a Compliance or Money Laundering division employee in case of ethical doubt. Identified incidents are addressed in accordance with the "zero tolerance principle". Should an employee have actually committed a criminal offence, any and all consequences in accordance with criminal, employment and civil law will be exhausted. Berlin Hyp has implemented comprehensive measures to avoid, detect and adequately react to acts of economic crime. A whistleblowing programme was introduced for employees, customers, sub-contractors and suppliers, thus providing a possibility to anonymously report suspected illegal or unethical conduct, which can then be investigated.

In the reporting year, no legal proceedings were pending or being prepared due to anti-competitive behaviour or the formation of monopolies.

3.4 Environmental Concerns

GRI 3-3

Environmental protection is always an important consideration at Berlin Hyp. Its goal is not only about reducing its own carbon footprint, but above all it is about promoting and simplifying the transition to a more sustainable economy with sustainable financing products for the real estate industry.

3.4.1 Consideration of ecological criteria when issuing bonds

GRI 203-1

Green finance is a central aspect of Berlin Hyp's company strategy. Since 2015, Berlin Hyp's value chain has included an additional important element of sustainability – Green Bonds for the refinancing of green assets. They thus offer investors added value beyond the creditworthiness of the bank and its cover funds. Green Bonds are issued in the form of Green Pfandbriefe and Green Senior Unsecured Bonds. The financing of green buildings represents one element of the Bank's sustainability activities that relates directly to its core business of commercial real estate financing. Financing products for green buildings are described in Section 3.4.2 Consideration of ecological criteria when selecting financing projects.

With 19 outstanding benchmark issues, Berlin Hyp remains the most active bank issuer in the European green bond market. The Bank strengthened its position on the Swiss capital market by issuing two green benchmark bonds in the form of Senior Unsecured Bonds. The Bank's volume of outstanding Green Bonds now totals €7.8 billion.

In the past year, Berlin Hyp was able to continue to put its experience with its Green Bonds to use in the Association of German Pfandbrief Banks (vdp), in the working groups Grüner Pfandbrief, Green Finance and ErneG ("Documentation of sustainable energetic building characteristics"). In 2019, the Bank transferred the name rights to Grüner Pfandbrief and Green Pfandbrief to the association and subsequently collaborated with other Pfandbrief banks to develop minimum standards for Green Pfandbriefe. On the European level, Berlin Hyp has been using the Energy-Efficient Mortgage Label (EEM Label) from the European Mortgage Federation (EMF) and the European Covered Bond Council (ECBC) and has been publishing the Harmonised Disclosure Template (HDT) required for this since 2021. The Bank is the deputy member for Germany in the EEM Label Committee.

The Green Bond Framework is revised regularly in order to adequately take into account regulatory developments and new requirements, as well as new knowledge about the ESG capital market. In March 2023, Berlin Hyp published a revised version of its Framework in order to better take into account the EU taxonomy requirements for buildings/construction activities relating to loans for energy-efficient green buildings. Based on a study by Drees & Sommer, which has been available for the vdp member institutions since 2022 and which was revised in the reporting period, Berlin Hyp is now applying the technical monitoring criteria contained in the EU taxonomy, whereby properties must be among the top 15 per cent – in terms of energy efficiency – of the national or regional existing building portfolio in the residential, office, retail and logistics asset classes. Alternatively, buildings fulfilling at least the Class A energy standards are qualified. Furthermore, in case of the issue of a new Green Bond, the required minimum excess of eligible green assets relative to outstanding Green Bonds plus the new issue will be limited to € 800 million.

Berlin Hyp's 2023 impact report, prepared in cooperation with Drees & Sommer, presents the results and methodology for estimating the amount of CO_2 emissions saved by the financed green buildings. Throughout the year, the underlying Green Finance portfolio increased from €8.9 billion to €10.8 billion and now contains 624 buildings (2022: 386). Mathematically, and depending on the benchmark chosen, every Green Bond nominal value of one million euros saves between 6.7 and 8.1 tonnes of CO_2 per year. The CO_2 savings per million euros invested were therefore slightly higher compared to the previous year. At the same time, the total CO_2 emissions of the portfolio increased to a 166,444 t CO_2 compared to 115,000 tCO_2 in the previous year. The average energy requirement for heat and electricity remained nearly unchanged at 58 and 36 kWh/m^2, respectively (2022: 56/34 kWh/m^2). The latest reporting and reverification (external plausibility check) by ISS ESG are published at https://www.berlinhyp.de/en/investors/green-bonds.

In accordance with the method for its Sustainability-Linked Bond, the CO_2 intensity of the entire business portfolio of Berlin Hyp as at 31 December 2023 was reduced by as much as 7.3 per cent compared to the 2020 base year (2022: 9.7 per cent). On the one hand, the analysis is based on the recorded energy performance certificate data (EPC data) from the Bank's loan system and on the other hand, on the approximate values for those few cases where the Bank did not yet have any EPC data available. The approximate values were developed together with an external consultant and are based on the type of building and the year of construction and/or the year of the most recent refurbishment.

The transparency rate of the financed real estate properties was increased to approx. 95 % in 2023. The goal of achieving full transparency with regard to the energy demand of the real estate we finance was thus achieved. The residual portfolio of outstanding energy performance certificates is attributable to individual cases (e.g. if our customers do not yet have an energy performance certificate for their property or if Berlin Hyp has not yet finished processing the energy demand information). Compared to the previous year, the calculation of the transparency rate for the first time excluded those properties not subject to an obligation to collect energy data (these include but are not limited to listed properties, undeveloped land or properties under construction).

Due to the increased share of energy performance certificates, most of the approximate values previously used (in 2022 the share was 34.6 per cent) were replaced. This means that the baseline value of the total carbon footprint (in the reference year 2020) will be adjusted at a later time, in order to avoid improvements that are simply due to an increased level of transparency. More information is available in the Sustainability-Linked Bond Framework at https://www.berlinhyp.de/en/investors/sustainability-linked-bonds.

3.4.2 Consideration of ecological criteria when selecting financing projects

GRI 203-1

Berlin Hyp published its updated Sustainable Finance Framework in April 2023. The framework constitutes an overarching framework to holistically classify the sustainable financing products.

The products in the Sustainable Finance Framework are classified on the basis of clearly defined eligibility criteria. The update of the Framework in the 2023 reporting year comprises the adjustment of the product criteria for the Green Loan and the addition of another sustainable financing product, i.e. the Social Loan. Environmental aspects are also taken into account for the Social Loan, which otherwise focuses on affordable housing. For Berlin Hyp, climate protection and social sustainability go hand in hand, which is why buildings with poor energy efficiency are not suitable for the Social Loan. Only those buildings that are among the top 70 per cent of the national residential building portfolio in terms of energy efficiency are eligible for Social Loans. The Green Loans are used to finance energy-efficient and environmentally friendly buildings. The design of the Green Loans is in line with Berlin Hyp's own sustainability requirements and government regulatory standards. The loans can be issued both in the form of an energy efficiency loan and a taxonomy loan. This year, the criteria for the energy efficiency loan were revised. Previously, Berlin Hyp had used specifically defined threshold values for the energy efficiency of the buildings as a main criterion. By regularly updating the Framework, Berlin Hyp ensures that the criteria are adjusted in line with new market developments and regulatory requirements. Therefore, on the occasion of this year's Framework update, Berlin Hyp made the technical assessment criteria of the EU taxonomy for buildings/construction activities (criteria for the significant contribution to the environmental objective of climate change mitigation) a priority as a criterion for energy efficiency loans.

Where the Green Loans are used to finance measures to improve the energy and carbon footprint of buildings, they may be designed as transformation loans. In this case, the transformation of a building is supported for both products (taxonomy loans and energy efficiency loans). Detailed eligibility criteria for Green Loans can be found at https://www.berlinhyp.de/en/sustainability/sustainable-finance. As at the end of the reporting period, the ratio of green building financing increased to 35.4 per cent. In future, environmental aspects will be taken into account even more extensively when selecting properties to be financed. Within the framework of the decarbonisation project, a new control and pricing method for calculations in new lending was developed and will be introduced in 2024. In future, various parameters regarding the sustainability of buildings, such as reference to CREEM paths, transformation projects and ESG risks, will influence pricing in the selection of properties to be financed.

3.4.3 Containment of climate change in capital investments

GRI 201-2

Berlin Hyp is aware of the influence of its own capital investments and attributes considerable significance to them. When making investment decisions for the Bank's own investments (Portfolio A), Berlin Hyp focuses on the principles formulated by the PRI (Principles for Responsible Investment) initiative and the UN Global Compact. Furthermore, we invest only in bonds whose issuers are located in countries whose legal provisions and the systems used to monitor these guarantee by themselves a high standard of environmental protection and social responsibility. Such countries only include the high-income OECD countries and the member states of the European Union. This focus also lowers the economic risk associated with our investment portfolio. Furthermore, the exclusion criteria for business relationships apply to investment decisions mutatis mutandis.

Berlin Hyp makes an effort to steadily improve its investment strategy as part of its risk and sustainability strategies and thus positively impact climate change.

3.4.4 Environmental management at our locations

GRI 301-1, 301-2, 302-1, 302-3, 302-4, 303-1, 303-2, 303-3, 303-5, 305-1, 305-2, 305-3, 305-4, 305-5, 306-1, 306-2, 306-3

Berlin Hyp is pursuing an operational ecology approach as it seeks to increase awareness of the importance of environmental protection and take advantage of the opportunities that result from such heightened awareness. Employees were included during the reporting year using various formats such as lunches, intranet information and presentations.

Berlin Hyp is building a new corporate headquarters at Berlin Hyp's long-standing location at Budapester Strasse 1 in Berlin-Tiergarten. The new headquarters will bring all employees in Berlin, who up to now have been separated into two different buildings, together into a single building. Up to now, they were divided into two separate buildings. The new headquarters is meant to enable the Bank to reduce its energy consumption by over 50 per cent in comparison to the old building. The architecture of the new building will reduce CO_2 emissions with its special design of outdoor areas and open spaces. As one example, this reduction will be made possible by installing photovoltaic systems on the façade. When demolishing the old building, Berlin Hyp took care to recycle and dispose of the materials in an environmentally friendly manner. Berlin Hyp received platinum pre-certification from Deutsche Gesellschaft für Nachhaltiges Bauen (German Sustainable Building Council – DGNB) for the deconstruction project and is looking to become the first building owner in Germany to receive a full demolition certificate from DGNB.

Berlin Hyp is also seeking to achieve certification for the new corporate headquarters according to the very high standard set by the DGNB. Berlin Hyp achieved an overall performance rating of 82.9 per cent in the platinum pre-certification process in October 2021. The bank will receive the final certificate after the construction process has been completed. Berlin Hyp's project received very high performance ratings especially in the categories of Process Quality, Location Quality and Sociocultural, Functional and Ecological Quality. In 2023, Berlin Hyp received DGNB platinum certification for the existing building in Berlin-Tiergarten used by the Bank.

Resource utilisation

As one of the leading real estate financiers in Germany, Berlin Hyp has a special responsibility to society. This means Berlin Hyp has an obligation to employ effective environmental protection measures within the company and along its value chain:

- → To promote responsible economic development and help safeguard the livelihood of people today and future generations
- → To reduce costs by utilising resources sparingly.

Operational environmental management focuses on the optimisation of energy and resources management and on the use of renewable energy in order to systematically reduce operational greenhouse gas emissions. Facility management in particular has provided us with good approaches for minimising ecological damage over the past few years.

Berlin Hyp has defined a number of objectives in order to reduce raw material consumption and/or improve material efficiency, in particular with regard to paper consumption. These objectives include the continuous reduction of printing jobs, the use of recycled paper and increasing digitalisation. A partial switch-over of the supply of print subscriptions to digital formats saves approx. 300 kg of paper per year. Since summer 2022, Berlin Hyp has been exclusively using recycled paper for printouts and copies. Additional measures such as the complete digital presentation of products for savings banks and the workflow-based organisation of the meetings of the Board of Management support the Bank's efforts to work in a resource-efficient manner.

Paper is the relevant material used in the course of Berlin Hyp's business operations. The figures for paper consumption are based on the purchased and/or used quantities. The share in office and copy paper with a Blue Angel certificate amounted to 99 per cent in the 2023 reporting year. The share of FSC-certified and/or recycled paper was 11 per cent for printed materials.

Paper consumption
in kg

	2023	2022	2021	Change compared to the previous year in %
Copy paper	2,143.4	2,212.5	2,444	–3.1
Printed materials and other	2,530.2	688.6	773	+267.4

The considerable increase in the consumption of printed materials in the year-on-year comparison is mostly attributable to the printing of the textbook authored by our appraiser, Dipl.-Geol. Achim Lenzen, "Die Bewertung von Standard-Renditeobjekten" ("The Valuation of Standard Investment Properties"), the printed version of which we provided to select customers and stakeholders in addition to the online version.

Berlin Hyp does not operate in the manufacturing sector and therefore is not subject to special requirements beyond legal provisions. All mandatory reporting provisions are fulfilled, including for example the permit for the emergency power generator. We receive our drinking water supply from the public network provided by the regional utilities companies.

As a service company, Berlin Hyp uses water for daily use, i.e. kitchen and bathroom purposes. The Bank's sites are not located in regions with water shortages.

The EU taxonomy specifications regarding the flow rate in the mountings were taken into account in the planning of the new construction project B-One.

Water consumption has been cut in half since 2020. This is attributable to the deconstruction of the building on Budapester Strasse. The increase in water consumption compared to the previous year is attributable to the increased presence of employees in the offices. The water quantities in the table above relate to drinking water from the public network.

Volume of water used
in m^3

	2023	2022	2021
Volume of water used	2,177	1,768	1,572

As a business enterprise, Berlin Hyp AG is subject to the German Commercial Waste Ordinance. However, as Berlin Hyp only generates negligible quantities of certain waste types, these are recorded and disposed of together with mixed municipal solid waste. All waste is disposed of on a regular basis by certified specialised waste disposal companies. Disposal companies commissioned by Berlin Hyp must provide evidence to the Bank that they have been certified as specialised waste disposal companies. The Environmental Programme contains detailed information on waste prevention and can be found starting on page 31 of our Environmental Statement: https://www.berlinhyp.de/en/sustainability/reportings.

The fact that operations in all parts of Budapester Strasse 1 were completely shut down resulted in a 50 per cent reduction of waste volume in 2021. Total waste volume in 2023 was slightly below the previous year's level. Waste prevention and recycling are the top priority at the Bank. Berlin Hyp has been procuring climate-neutral toner cartridges since we replaced our printers 2017. In this connection, we also collect data on the number of cartridges used in order to calculate our compensated emissions. At the editorial deadline for this report, the data were not yet available and will be reported in the GRI content index. Unlike conventional toner set-ups, in which the entire cartridge needs to be replaced, we only refill the toner in the products we use. This reduces waste by roughly 75 per cent as compared to conventional systems.

Waste produced
in t

	2023	2022	2021
Non-hazardous waste	62.79	64.40	66.89
Of which waste for recycling	23.35	24.99	29.14
Of which waste for disposal	33.29	37.48	36.23
Of which light packaging	1.11	1.51	1.53
Other (bulky items, discarded computer equipment)	5.04	0.42	0.60
Hazardous waste	0.01	0.11	1.30
Total waste volume	62.81	64.52	68.19

Emissions

Berlin Hyp has defined ambitious environmental targets. The Bank's business operations are to achieve CO_2 neutrality by 2025 at the latest. In order to ensure it can achieve this goal, Berlin Hyp is focusing is on continuously reducing operational greenhouse gas emissions. Furthermore, Berlin Hyp intends to use certificates to compensate for the remainder of its CO_2 emissions.

Since 2017, all of the Bank's German locations have been using green electricity exclusively. In addition, since 2020, we have been calculating the amount of electricity consumed by employees working from home.

Energy consumption within the organisation[1]

	2023	2022	2021	Change compared to the previous year in %
Electricity consumption in MWh	1,736	1,637	1,686	+6.1
Diesel fuel for emergency power generators in l	326	282	196	+15.6
District heat for space heating, ventilation and air-conditioning technology and hot water in MWh	699	956	1,185	–26.9
Fuel consumption of company cars in l	81,607	84,851	93,568	–3.8

[1] The calculation comprises all Berlin Hyp establishments in Berlin and the data centres.

The reduction in heat consumption is mainly attributable to changes in heating habits and adjustments to heating control systems, whereas electricity consumption increased as a consequence of infrastructure construction in the data centres. Another operating activity within the framework of reviewing security components caused increased consumption of approx. 40 litres of diesel fuel for the emergency power generator.

Outside of the organisation, energy is mainly consumed for business travel. For this purpose, we record fleet consumption figures and also receive data on train and air travel. The VfU tool is used to calculate the associated emissions. In the 2023 reporting year, 4.12 MWh of energy (electricity and heat) were consumed at the Berlin location per full-time employee. For the mobility of the fleet of the entire Bank, a total of 800 MWh of energy were consumed in the 2023 reporting year. Business travel by train or air is not included here, as the VfU tool does not convert kilometres travelled by train or air into MWh. However, data on air and train travel were used in the calculation of CO_2 emissions using the VfU tool.

Energy consumption outside the organisation

		2023	2022	2021	Change compared to the previous year in %
Air travel					
	Number	1,006	959	196	+4.9
	km	588,318	591,613	101,569	– 0.6
	t CO_2	190	183	36	+3.8
Train travel					
	Number	1,332	844	188	+57.8
	km	787,311	426,913	93,852	+84.4
	t CO_2	7	4	1	+75.0

Energy intensity
in MWh per employee

	2023	2022	2021
Electricity[1]	2.94	2.94	3.13
District heating[1]	1.18	1.72	2.2
Mobility[2, 3]	1.22	1.35	0.81

[1] Reference value employees 2023: 590 in Berlin
[2] Reference value total number of employees 2023: 655 (deviation from the definitions in the non-financial statement, taking into account all employee categories)
[3] Business travel by train or air are not contained herein

Greenhouse gas emissions by Scope 1, 2 and 3
in t CO_2 equivalents

	2023	2022	2021	Change compared to the previous year in %
Scope 1 – direct greenhouse gas emissions[3]	223	227	132	–1.8
Scope 2 – indirect greenhouse gas emissions (location-based)[1, 3]	860	787	826	+9.3
Scope 2 – indirect greenhouse gas emissions (market-based)[1, 3]	119	90	95	+32.2
Scope 3 – greenhouse gas emissions of the supply chain[2, 3]	435	432	217	+0.7
Total greenhouse gas emissions (Scope 2 location-based)[3]	1,518	1,446	1,175	+5.0
Total greenhouse gas emissions (Scope 2 market-based)[3]	777	749	444	+3.7

[1] Since 2015, the GHG Protocol has required a dual structure of “market-based accounting” and “location-based accounting” with regard to Scope 2. Berlin Hyp’s environmental reporting discloses the figures resulting from both approaches and thus enables a comparison between the provider and product-specific figure (“market”) and the “location” figure that is based on activity data (such as energy use) and the average emission factors for a certain geographical region.
[2] Only emissions of operational ecology are addressed in all tables. Emissions of the financing portfolio are calculated separately. See the Annual Report for the Short Financial Year II 2022, “VI Non-Financial Statement/3.2.6 Transparent Performance Presentation”.
[3] The emissions data are based on the status of evidence received as at 31 January 2024. Therefore, slight changes within individual consumption categories that become apparent through invoices received at a later time cannot be excluded. Conclusive consumption and emissions data are published in our GRI content index and the Environmental Statement.

The greenhouse gas emissions are shown as CO_2 equivalents, as all greenhouse gases for which the Intergovernmental Panel on Climate Change (IPCC) has defined a Global Warming Potential are taken into account. In the 2023 reporting year, 1.19 t (Scope 1: 0.34, Scope 2: 0.18, Scope 3: 0.67) of market-based and 2.32 t of location-based CO_2 equivalents (Scope 1: 0.34, Scope 2: 1.31, Scope 3: 0.67) were emitted per employee. See the "Greenhouse gas emissions" table. In the reporting year, in deviation from definitions in the non-financial statement, the total number of employees of 655 was used as a reference value, taking into account all employee categories.

Total greenhouse gas emissions have declined since the first Environmental Statement was published in 2015, whereby this development is mainly attributable to our use of renewable energy and was also significantly influenced in 2020 and 2021 by the restrictions imposed as a result of the pandemic, and by the fact that the building on Budapester Strasse was no longer in use. The increase in electricity demand compared to the previous year is attributable to consumption in data centres. The adjustment of the emission factor for district heating acquisition by the provider increased the emissions in terms of figures only; in fact, thermal energy consumption in the 2023 reporting year decreased by approx. 250,000 kWh. Business travel increased by a total of approximately 300,000 kilometres in 2023, whereby it should be pointed out here that unlike the case in previous years, ever since 2022 we have been reporting all kilometres driven with the company car fleet – both privately and for business.

3.5 Respect for Human Rights

GRI 2-23, 2-24, 3-3, 406-1

Berlin Hyp is committed to its responsibility in the protection of human rights in all activities of its business. With this in mind, Berlin Hyp, has adopted several directives and joined the UN Global Compact in 2015. Since Berlin Hyp is mainly active in Germany and in selected core markets in Europe, the likelihood of human rights violations in its business activities is considered to be lower.

3.5.1 Human rights due diligence

GRI 2-25, 2-26, 2-27, 407-1

Berlin Hyp is committed to the respect of human rights in all activities of its business. The UN Global Compact contains the following two principles in connection with human rights: Businesses should support and respect the protection of internationally proclaimed human rights. Businesses should make sure that they are not complicit in human rights abuses. Berlin Hyp fully applies both principles.

To this end, Berlin Hyp has adopted several guidelines, such as the Code of Conduct and the Equal Opportunities Policy. Berlin Hyp also expects its material contractors and suppliers, regardless of their size, sectors or work performed, to act in accordance with the principles of the UN Global Compact and human rights, in particular:

- → Abolition of child labour
- → Free choice of employment
- → Prohibition of discrimination
- → Freedom of association

Information on the review of suppliers and contracts is contained in Section 1.6 "Depth of the value chain".

Cooperation between Berlin Hyp and all employees is based on a trusting partnership. We also expect our suppliers and contractors to commit themselves accordingly. In the reporting year, no cases of violation of or risk to the freedom of association were reported.

Furthermore, Berlin Hyp considers itself to be a company free from discrimination and pursues the goal of creating a work environment that is free from prejudice, stereotypes and discrimination.

There were no suspected human rights violations in the reporting year.

4 Reporting Requirements in Accordance with the EU Taxonomy Regulation

4.1 Background

The EU Taxonomy Regulation (Regulation (EU) 2020/852 – Taxonomy Regulation) was published in the Official Journal of the European Union on 22 June 2020. The EU Taxonomy Regulation and the associated delegated regulations and annexes introduced a classification system for ecologically sustainable economic activities. In particular, the regulation provides uniform criteria to determine whether an economic activity in the European Union can be classified as environmentally sustainable.

This classification is generally viewed as necessary for the broad integration of sustainability into the financial sector and the real economy. One of the objectives of the regulation is to ensure that the criteria for environmentally sustainable economic activities are clear and uniform (similar to a minimum standard as in the EC Eco Regulation (EC) No 834/2007 for organic products). The aim of the taxonomy is to measure the degree of environmental sustainability of economic activities and therefore of individual investments, corporate activities and entire real and financial enterprises. The overall objective is to achieve transparency and comparability. Capital flows should move more easily into environmentally sustainable economic activities and help investors (institutional and private investors, banks, etc.) in their investment decisions.

The EU taxonomy environmental objectives are stipulated in the EU Taxonomy Regulation and define certain environmental aspects relevant for ensuring a more sustainable future. These are measured using criteria that define which economic activities help fulfil them. The six environmental objectives are defined in EU taxonomy as follows:

Climate change mitigation (CCM)

An economic activity qualifies as contributing substantially to climate change mitigation if it makes a material contribution to maintaining the greenhouse gas content in the atmosphere on a level that prevents dangerous human interference with the climate system. This is achieved by preventing or reducing greenhouse gas emissions or by increasing the storage of these gases (greenhouse gas sequestration) in line with the goals of the Paris Agreement. Process and/or product innovations may contribute to this (Article 10).

Climate change adaptation (CCA)

Economic activities that help reduce or prevent an adverse impact of the current or expected climate change or that exploit the potential for achieving positive effects of the current or expected climate change (Article 11).

Sustainable use and protection of water and marine resources

An economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources if that activity contributes substantially to maintaining or improving the good status of bodies of water, including bodies of surface water and groundwater. This includes preventing the deterioration of bodies of water that already have good status. The same is true of attempting to maintain the good environmental status of marine waters or of preventing the deterioration of marine waters that are already in good environmental status (Article 12).

Transition to a circular economy

This objective focuses on the prevention and reduction of waste and the efficient use of resources by reuse or recycling (Article 13).

Pollution prevention and reduction

This environmental objective focuses on environmental protection against pollution, i.e. preventing, reducing or removing inputs of pollution, vibrations, radiation, waste, heat or noise in the air, water or soil, which harm or could harm the health of human beings, animals or plants (Article 14).

Protection and restoration of biodiversity and ecosystems

These economic activities aim at protecting, conserving or improving the status of ecosystems, habitats and species and supporting the healthy function of ecosystems and supporting the sustainable use of natural resources (Article 15).

At the same time, minimum requirements must be met, e.g. regarding social matters and human rights. For banking institutions, this provision contains the obligation to report and record the green asset ratio, which refers to the share of assets and risk positions that are in line with taxonomy criteria, i.e. taxonomy-aligned investments by the company.

The EU Taxonomy Regulation uses several key terms in order to describe and detail the various types of sustainability-related business activities.

Taxonomy-eligible economic activities

Economic activities falling within the framework of the EU taxonomy that can generally be sustainable in accordance with the EU taxonomy in the sense of one or several of the six environmental objectives.

Taxonomy-aligned economic activities

This refers to any economic activity contributing substantially to one or several of the six environmental objectives defined in the EU taxonomy, without having material negative impacts on one of the other objectives (DNSH criteria) and also complying with the social and governance safeguards stipulated in the taxonomy.

Enabling activities

Economic activities supporting other sectors and companies with the reduction of emissions or with adaptations to climate change. This may include technologies, products or services contributing substantially to environmental sustainability.

Transitional activities

These are economic activities that are not directly in line with the environmental objectives of the taxonomy but which nevertheless play an important role in a fair and just transition to a climate-neutral economy. These activities may include activities in sectors that are currently heavily dependent on fossil energy sources but which plan to reduce this dependency step by step and introduce clean technologies as well.

4.2 Report on the Legally Required Key Performance Indicators (KPIs) and Templates

According to the EU Taxonomy Regulation, institutions subject to the Non-Financial Reporting Directive (NFRD), including Berlin Hyp, are requested to disclose their so-called green asset ratio (GAR) for their environmental objectives 1 and 2 in the 2023 reporting year, i.e. the relation between taxonomy-eligible and admissible assets. The explicit disclosure requirements are stipulated in the Delegated Regulation (EU) 2021/2178 on Article 8 of the EU Taxonomy Regulation. The act defines templates Berlin Hyp has to report in the non-financial statement. As at 31 December 2023, this generally includes the following tables[18]:

[18] Berlin Hyp will not disclose Templates 5 and 6 in 2023, as the respective business areas are not relevant. In order to ensure a clear and informative presentation, the templates will not be included in the non-financial statement this year.

No.	Template	Regulatory basis (EU Delegated Regulation)	First publication for FYs
0	Overview of the KPIs to be disclosed by banking institutions in accordance with Article 8 of the Taxonomy Regulation	2021/2178	2023
1a	Assets for the calculation of the GAR – basis turnover	2021/2178	2023
1b	1. Assets for the calculation of the GAR – basis CapEx	2021/2178	2023
2a	2. GAR sector information – basis turnover	2021/2178	2023
2b	2. GAR sector information – basis CapEx	2021/2178	2023
3a	3. GAR KPI stock – basis turnover	2021/2178	2023
3b	3. GAR KPI stock – basis CapEx	2021/2178	2023
4a	4. GAR KPI flows – basis turnover	2021/2178	2023
4b	4. GAR KPI flows – basis CapEx	2021/2178	2023
5a	5.1.1 KPI off-balance sheet exposures – stock – basis turnover	2021/2178	2023
6a	5.1.2 KPI off-balance sheet exposures – flows – basis turnover	2021/2178	2023
5b	5.2.1 KPI off-balance sheet exposures – stock – basis CapEx	2021/2178	2023
6b	5.2.2 KPI off-balance sheet exposures – flows - basis CapEx	2021/2178	2023

Row	Nuclear energy-related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to the construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to the safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas-related activities	
4.	The undertaking carries out, funds or has exposures to the construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to the construction, refurbishment and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to the construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

On 9 March 2022, the act was supplemented by the Delegated Regulation (EU) 2022/1214, which refers to economic activities in specific energy sectors and stipulates special disclosure requirements for such activities (nuclear and fossil gas-related activities).

Berlin Hyp fulfils its obligations according to Article 10 (2) of the Delegated Act on Article 8 (1) of the EU Taxonomy Regulation for financial institutions with regard to key performance indicators and qualitative information to be reported in 2023, as addressed below. The key performance indicators in the table were calculated based on the financial reporting (FINREP) in accordance with banking supervision law as at the reporting date 31.12.2023 and as such are part of the taxonomy disclosure requirements. In addition thereto, no voluntary disclosures are made.

As Berlin Hyp currently does not hold loans with known purposes with counterparties subject to the NFRD, the GAR was determined only on the basis of the disclosed KPIs of the counterparties subject to the NFRD. This information was gained from the business and sustainability reports (normally 2022) of the counterparties. This refers to information regarding taxonomy eligibility and alignment, broken down by turnover and CapEx KPIs and the environmental objectives CCM and CCA. Unless more detailed disclosures are made in the business reports of the counterparties, the assumption is that information on taxonomy eligibility and alignment refers to the environmental objective CCM.

In order to determine these KPIs, the FAQs and instructions published by the European Commission and the IDW on were taken into account. Due to the short-term nature involved, restrictions result only from the FAQs published by the European Commission in December 2023, which could not be completely implemented in the 2023 financial statements. These matters are addressed in detail in the sections that follow.

In accordance with legal provisions, all templates from the Delegated Act are to be reported based on the turnover KPIs of the counterparty on the one hand and the CapEx KPIs of the counterparty on the other hand.

As a result, the KPIs for Berlin Hyp present as follows (Template 0 in accordance with the Delegated Regulation):

Main KPI	Total environmentally sustainable assets: Turnover	Total environmentally sustainable assets: CapEx	KPI Turnover	KPI CapEx	% coverage (of total assets)	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1) and Section 1.2.4 of Annex V)
Green assets ratio (GAR) stock	148.6	446.7	0.44 %	1.34 %	25.10 %	68.05 %	6.85 %

Additional KPIs	Total environmentally sustainable assets: Turnover	Total environmentally sustainable assets: CapEx	KPI Turnover	KPI CapEx	% coverage (of total assets)	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1) and Section 1.2.4 of Annex V)
GAR (flows)	51.0	150.2	2.75 %	8.09 %	28.81 %	68.27 %	2.92 %
Trading book	n/a	n/a	n/a	n/a	–	–	–
Financial guarantees	0	0	0 %	0 %	–	–	–
Assets under management	0	0	0 %	0 %	–	–	–
Fees and commissions income	n/a	n/a	n/a	n/a	–	–	–

In addition, in accordance with Article 8 of the Delegated Regulation, additional KPIs must be reported that cannot be explicitly derived from the templates provided:

Total GAR	Turnover	CapEx
Total GAR for financing activities directed at financial undertakings	0.50 %	1.44 %
CCM	0.50 %	1.44 %
CCA	–	–
Total GAR for financing activities directed at non-financial undertakings	10.74 %	32.68 %
CCM	10.74 %	20.79 %
CCA	–	11.89 %
GAR for residential real estate exposures, including house renovation loans	–	–
CCM	–	–
CCA	–	–

These KPIs are detailed and categorised below.

4.2.1 Assets for the calculation of the GAR (Template 1)
The calculation of the GAR is based on the central Template 1 of the disclosure requirements, which contains the allocation of the assets to taxonomy information in accordance with FINREP. The rows are mainly divided into the following 3 groups:

- → Risk positions relevant for the numerator & denominator of the GAR (including but not limited to NFRD entities and households)
- → Risk positions that are also relevant for the denominator of the GAR (including but not limited to non-NFRD entities inside and outside the EU, derivatives, other assets)
- → Risk positions excluded from the GAR calculation (risk positions relative to governments and central banks)

The counterparty and product classification mainly refers to the definitions in the FINREP report.

Among Berlin Hyp's financing activities, loans and advances to other financial companies are an exception, to the extent that they are risk positions relative to real estate funds. These were classified as taxonomy-eligible irrespective of the counterparty's NFRD reporting requirement, since risk positions relative to real estate funds can be checked for taxonomy eligibility according to the directives from question 13 of the FAQs on Article 8, published on 20 December 2021.

The following information is included in the columns:

- → Gross carrying amounts in accordance with FINREP
- → Taxonomy eligibility broken down by environmental objectives (in this case only CCM and CCA)
- → Taxonomy alignment broken down by environmental objectives (in this case only CCM and CCA)
- → Of which positions for enabling and transitional activities

Positions not completed in the templates are not contained in Berlin Hyp's portfolio. Currently, a disclosure is made for the environmental objectives CCM and CCA only.[19]

For the taxonomy alignment ratio in accordance with the turnover KPIs of the counterparties, Berlin Hyp was only able to calculate a positive value for the environmental objective CCM, and a zero measurement for the environmental objective CCA.

The result in terms of the turnover KPIs of the counterparties is[20]:

[19] This report only presents a reduced version of the complete templates, referring to the central positions of Berlin Hyp. A complete presentation is contained in the notes to the Annual Report.
[20] As these templates are disclosed for the first time, comparable figures from the previous period are not available. The columns thus designated in the template are therefore not disclosed in order to ensure a clear presentation.

FY 2023

	Total (gross) carrying amount €m	Climate change mitigation (CCM)				
		Of which in taxonomy-relevant sectors (taxonomy-eligible)				
			Of which environmentally sustainable (taxonomy-aligned)			
				Of which use of proceeds (known)	Of which transitional activities	Of which enabling activities
GAR – Covered assets in the numerator and denominator						
Loans and advances, debentures and equity instruments not held for trading, which are eligible for the GAR calculation	9,009.9	6,887.1	148.6	–	44.7	0.8
Financial companies	7,959.6	6,079.2	39.5	–	2.4	0.4
Banking institutions	2,034.6	475.3	–	–	–	–
Loans and advances	–	–	–	–	–	–
Debentures, including those for which the use of proceeds is known	2,034.6	475.3	–	–	–	–
Equity instruments	–	–	–	–	–	–
Other financial corporations	5,924.9	5,603.9	39.5	–	2.4	0.4
Non-financial companies	1,016.1	807.9	109.1	–	42.3	0.4
Loans and advances	1,006.2	800.3	104.7	–	42.3	–
Debentures, including those for which the use of proceeds is known	9.9	7.5	4.4	–	–	0.4
Equity instruments	–	–	–	–	–	–
Private households	34.2	–	–	–	–	–
Assets not included in the numerator for the GAR calculation (included in the denominator)	24,423.9	–	–	–	–	–
Financial and non-financial companies	23,601.1	–	–	–	–	–
SMEs and NFCs (that are not SMEs) not subject to the disclosure requirement of the directive concerning the disclosure of non-financial information	22,948.6	–	–	–	–	–
Counterparties from non-EU countries not subject to the disclosure requirement of the directive concerning the disclosure of non-financial information	652.5	–	–	–	–	–
Derivatives	380.2	–	–	–	–	–
Short-term interbank loans	1.6	–	–	–	–	–

	Total (gross) carrying amount €m	Climate change mitigation (CCM)				
		Of which in taxonomy-relevant sectors (taxonomy-eligible)				
			Of which environmentally sustainable (taxonomy-aligned)			
				Of which use of proceeds (known)	Of which transitional activities	Of which enabling activities
Cash and cash-related assets	–	–	–	–	–	–
Other asset categories (e.g. goodwill, goods, commodities, etc.)	441.0	–	–	–	–	–
Total GAR assets	**33,433.8**	–	–	–	–	–
Assets not covered in the GAR calculation	2,458.7	–	–	–	–	–
Central governments and supranational issuers	2,420.2	–	–	–	–	–
Risk positions in relation to central banks	38.5	–	–	–	–	–
Trading book	–	–	–	–	–	–
Total assets	**35,892.5**	**6,887.1**	**148.6**	**–**	**44.7**	**0.8**

In terms of the CapEx KPIs of the counterparties, the values vary slightly:

FY 2023

	Total (gross) carrying amount €m	Climate change mitigation (CCM) + Climate change adaptation (CCA)				
		Of which in taxonomy-relevant sectors (taxonomy-eligible)				
			Of which environmentally sustainable (taxonomy-aligned)			
				Of which use of proceeds (known)	Of which transitional activities	Of which enabling activities
GAR – Covered assets in the numerator and denominator						
Loans and advances, debentures and equity instruments not held for trading, which are eligible for the GAR calculation	9,009.9	6,838.4	446.7	–	9.0	47.5
Financial companies	7,959.6	6,067.8	114.6	–	3.4	19.0
Banking institutions	2,034.6	475.4	–	–	–	–
Loans and advances	–	–	–	–	–	–

Debentures, including those for which the use of proceeds is known	2,034.6	475.4	–	–	–	–
Equity instruments	–	–	–	–	–	–
Other financial corporations	5,924.9	5,592.4	114.6	–	3.4	19.0
of which investment firms	1,016.1	770.6	332.1	–	5.7	28.5
Loans and advances	1,006.2	761.4	330.0	–	5.7	27.3
Debentures, including those for which the use of proceeds is known	9.9	9.2	2.1	–	–	1.3
Equity instruments	–	–	–	–	–	–
Private households	34.2	–	–	–	–	–
Assets not included in the numerator for the GAR calculation (included in the denominator)	24,423.9	–	–	–	–	–
Financial and non-financial companies	23,601.1	–	–	–	–	–
SMEs and NFCs (that are not SMEs) not subject to the disclo-sure requirement of the directi-ve concerning the disclosure of non-financial information	22,948.6	–	–	–	–	–
Counterparties from non-EU countries not subject to the disclosure requirement of the directive concerning the disclosure of non-financial information	652.5	–	–	–	–	–
Derivatives	380.2	–	–	–	–	–
Short-term interbank loans	1.6	–	–	–	–	–
Cash and cash-related assets	–	–	–	–	–	–
Other asset categories (e.g. good-will, goods, commodities, etc.)	441.0	–	–	–	–	–
Total GAR assets	**33,433.8**	–	–	–	–	–
Assets not covered in the GAR calculation	2,458.7	–	–	–	–	–
Central governments and supranational issuers	2,420.2	–	–	–	–	–
Risk positions in relation to central banks	38.5	–	–	–	–	–
Trading book	–	–	–	–	–	–
Total assets	**35,892.5**	**6,838.4**	**446.7**	**–**	**9.0**	**47.5**

Currently, Berlin Hyp does not have loans with known purposes to companies subject to the NFRD in its portfolio; therefore, any and all taxonomy eligibility and alignment information is calculated using the KPIs of business partners.

As Berlin Hyp generally only has few NFRD companies as counterparties in its portfolio, the gross carrying amount of the assets to be taken into account for the GAR calculation is correspondingly low. Mainly, the counterparties (approx. 2/3) operate in the financial sector in the capital market business. However, these companies do not disclose alignment information on a regular basis and do not contribute substantially to the GAR.

Shares in affiliated companies are recognised in other assets in accordance with the Group requirements in line with the allocation to FINREP.

Berlin Hyp has classified loans to real-estate funds as taxonomy-eligible, and since these are risk positions relative to real estate funds, they can be checked for taxonomy eligibility according to the directives from question 13 of the FAQs on Article 8, published on 20 December 2021. Figures on alignment could not be calculated due to the lack of reporting data from the funds.

In the non-financial sector, the majority of Berlin-Hyp's counterparties are not subject to the NFRD. The counterparties subject to the NFRD disclose rather low alignment figures, making the contribution to the GAR larger than that in the financial sector, but still low as a total.

This applies both on the basis of turnover KPIs and CapEx KPIs, whereas the CapEx KPIs of the counterparties are somewhat higher on average than the turnover KPIs. However, the difference for the taxonomy-aligned assets of Berlin Hyp is negligible.

Financing in the household sector forms a residual portfolio, which is no longer contained in Berlin Hyp's product portfolio and will therefore not be analysed in more detail.

In the disclosure of 31 December 2023, Berlin Hyp classifies the business areas as non-taxonomy-eligible with regard to special purpose vehicles (SPVs). Based on the communicated Group policies and requirements, a review and/or an alignment test of the business activities is not performed. Thus, SPVs are classified as non-taxonomy-aligned and were therefore not taken into account in the numerator in the GAR calculation.

The implementation of the draft FAQs of the European Commission of 21 December 2023 regarding SPVs (cf. Question 14) cannot be presented for the 2023 annual accounts due to the missing data and will be monitored for future periods. In accordance with these FAQs, SPVs with a sponsor subject to the NFRD will have to be taken into account in the GAR in future.

The off-balance sheet business was reviewed in accordance with Template 1, however. Berlin Hyp does not have any financial guarantees to NFRD companies in its portfolio and Berlin Hyp's product catalogue does not contain "assets under management". Therefore, Template 5 will not be disclosed for the alignment ratios of the off-balance sheet business.

4.2.2 GAR KPI stock (Template 3)
From the disclosed carrying amounts and taxonomy information in the Template 1, the GAR and additional KPIs are derived based on legal provisions. The stock values of the KPIs are presented in Template 3.

As a rule, the respective gross carrying value of the associated category is used as the denominator of the ratios. Therefore, some relatively high amounts result in the individual categories, although Berlin Hyp's total GAR is low (as expected) based on the low number of counterparties subject to the NFRD in the portfolio. The rows and columns of the information presented corresponds to the categories in Template 1 with regard to the positions relevant for the GAR numerator.

The result for the turnover KPIs is[21]:

[21] This report only presents a reduced version of the complete templates, referring to the central positions of Berlin Hyp. A complete presentation is contained in the notes to the Annual Report.

FY 2023

	Climate change mitigation (CCM)					Total (gross) carrying amount
	Of which in taxonomy-relevant sectors (taxonomy-eligible)					
		Of which environmentally sustainable (taxonomy-aligned)				
			Of which use of proceeds (known)	Of which transitional activities	Of which enabling activities	
GAR – Covered assets in the numerator and denominator	–	–	–	–	–	–
Loans and advances, debentures and equity instruments not held for trading, which are eligible for the GAR calculation	76.44 %	1.65 %	–	0.50 %	0.01 %	25.10 %
Financial companies	76.38 %	0.50 %	–	0.03 %	–	22.18 %
Banking institutions	23.36 %	–	–	–	–	5.67 %
Loans and advances						–
Debentures, including those for which the use of proceeds is known	23.36 %	–	–	–	–	5.67 %
Equity instruments						
Other financial corporations	94.58 %	0.67 %	–	0.04 %	0.01 %	16.51 %
Non-financial companies	79.51 %	10.74 %	–	4.16 %	0.04 %	2.83 %
Loans and advances	79.54 %	10.41 %	–	4.20 %	–	2.80 %
Debentures, including those for which the use of proceeds is known	76.00 %	44.00 %	–	–	4.00 %	0.03 %
Equity instruments					–	
Private households	–	–	–	–	–	0.10 %
of which loans collateralised by residential real estate						
Total GAR assets	**20.60 %**	**0.44 %**	**–**	**0.13 %**	**–**	**25.10 %**

By CapEx KPIs:

FY 2023

	Climate change mitigation (CCM) + Climate change adaptation (CCA)					Total (gross) carrying amount
		Of which in taxonomy-relevant sectors (taxonomy-eligible)				
			Of which environmentally sustainable (taxonomy-aligned)			
			Of which use of proceeds (known)	Of which transitional activities	Of which enabling activities	
GAR – Covered assets in the numerator and denominator	–	–	–	–	–	–
Loans and advances, debentures and equity instruments not held for trading, which are eligible for the GAR calculation	75.90 %	4.96 %	–	0.10 %	0.53 %	25.10 %
Financial companies	76.23 %	1.44 %	–	0.04 %	0.24 %	22.18 %
Banking institutions	23.37 %	–	–	–	–	5.67 %
Loans and advances						–
Debentures, including those for which the use of proceeds is known	23.37 %	–	–	–	–	5.67 %
Equity instruments						
Other financial corporations	94.39 %	1.93 %	–	0.06 %	0.32 %	16.51 %
Non-financial companies	75.84 %	32.68 %	–	0.56 %	2.81 %	2.83 %
Loans and advances	75.67 %	32.80 %	–	0.56 %	2.71 %	2.80 %
Debentures, including those for which the use of proceeds is known	93.00 %	21.00 %	–	–	13.00 %	0.03 %
Equity instruments						
Private households	–	–	–	–	–	0.10 %
of which loans collateralised by residential real estate						
Total GAR assets	**20.45 %**	**1.34 %**	**–**	**0.03 %**	**0.14 %**	**25.10 %**

4.2.3 Sector information (Template 2)

In addition to the taxonomy information and KPIs in Templates 1 and 3, and in accordance with the Delegated Act, non-financial corporations must also disclose specific sector information based on the NACE classification.

The NACE system is the classification for various sectors and products. It provides a structure for collecting and presenting a variety of statistics based on economic activities.

The taxonomy-eligible and taxonomy-aligned gross carrying amount (before impairments) of loans and advances, debentures and equity instruments is presented in taxonomy Template 2 and refers to non-financial corporations as counterparties subject to the NFRD disclosure requirement in accordance with Directive 2014/95/EU and not held for trading.

Based on the low proportion of counterparties subject to the NFRD in Berlin Hyp's portfolio as described above, only two NACE codes are currently relevant for the disclosure of the taxonomy information.

- → H49.1.0: Passenger rail transport
- → L68.2.0: Renting and operating of own or leased real estate

The result for the turnover KPIs is[22]:

	a	b	c	d
Sectoral breakdown – NACE 4-digit level (code and designation)	Climate change mitigation (CCM)			
	Non-financial corporations (subject to the directive concerning the disclosure of non-financial information)		SMEs and other NFCs not subject to the directive concerning the disclosure of non-financial information[23]	
	[Gross] carrying amount		[Gross] carrying amount	
	€m	Of which environmentally sustainable (CCM)	€m	Of which environmentally sustainable (CCM)
H49.1.0	7.5	4.4		
L68.2.0	800.3	104.7		

By CapEx KPIs:

Sectoral breakdown – NACE 4-digit level (code and designation)	Climate change mitigation (CCM)				Climate change adaptation (CCA)			
	Non-financial corporations (subject to the directive concerning the disclosure of non-financial information)		SMEs and other NFCs not subject to the directive concerning the disclosure of non-financial information		Non-financial corporations (subject to the directive concerning the disclosure of non-financial information)		SMEs and other NFCs not subject to the directive concerning the disclosure of non-financial information	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	€m	Of which environmentally sustainable (CCA)	€m	Of which environmentally sustainable (CCA)	€m	Of which environmentally sustainable (CCA)	€m	Of which environmentally sustainable (CCA)
H49.1.0	9.2	2.1	–	–	–	–		
L68.2.0	600.5	209.2	–	–	160.9	120.8		

[22] This report only presents a reduced version of the complete templates, referring to the central positions of Berlin Hyp. A complete presentation is contained in the notes to the Annual Report.

[23] The cells not containing a figure are redacted in accordance with the Delegated Regulation and thus contain non-reportable figures.

4.2.4 Flow KPIs (Template 4)
Within the framework of the FAQs on EU taxonomy reporting published by the European Commission on 21 December 2023, it was made clear that the Templates 4 for flow values are not restricted to a pure comparison between the reporting dates but instead aim at presenting taxonomy alignment in new lending. Therefore, these templates (both for turnover and CapEx KPIs) must be reported for the first time as at the reporting date 31 December 2023.

Considering the short-term nature of the requirements, the following assumptions had to be made in order to make the presentation of the disclosure possible:

- → New lending is calculated in a simplified manner using the closing date of the transaction (i.e. start of the transaction in 2023)
- → Repayments and other effects within the financial year could not be isolated; instead, the gross carrying amounts as at the reporting date are used. The Bank intends to implement the requirements for the 2024 reporting year.
- → Transactions not included in the portfolio anymore at the end of 2023 cannot be taken into account for the flow value

The calculation of the ratios is based on the calculation logic of the existing KPIs, i.e. on the row level, the taxonomy-eligible/taxonomy-aligned new lending portfolio is compared with the total new lending portfolio of a product or counterparty group.

Taking into account these restrictions, the results for the flow KPIs in accordance with turnover KPIs are as follows:

FY 2023

		Climate change mitigation (CCM)					Total (gross) carrying amount
			Of which in taxonomy-relevant sectors (taxonomy-eligible)				
			Of which environmentally sustainable (taxonomy-aligned)				
				Of which use of proceeds (known)	Of which transitional activities	Of which enabling activities	
	GAR – Covered assets in the numerator and denominator						
1	Loans and advances, debentures and equity instruments not held for trading, which are eligible for the GAR calculation	78.99 %	2.75 %	–	–	–	28.81 %
2	Financial companies	74.52 %	–	–	–	–	20.94 %
3	Banking institutions	23.44 %	–	–	–	–	6.97 %
4	Loans and advances						
5	Debentures, including those for which the use of proceeds is known	23.44 %	–	–	–	–	6.97 %
6	Equity instruments						
7	Other financial corporations	100.00 %	–	–	–	–	
20	Non-financial companies	91.02 %	10.08 %	–	–	–	7.85 %
21	Loans and advances	91.02 %	10.08 %	–	–	–	7.85 %
22	Debentures, including those for which the use of proceeds is known						

23	Equity instruments						
24	Private households	–	–	–	–	–	0.01 %
31	of which loans collateralised by residential real estate						
32	Total GAR assets	**23.44 %**	**0.82 %**	**–**	**–**	**–**	**28.81 %**

By CapEx KPIs:

FY 2023

		Climate change mitigation (CCM)					Total (gross) carrying amount
			Of which in taxonomy-relevant sectors (taxonomy-eligible)				
			Of which environmentally sustainable (taxonomy-aligned)				
				Of which use of proceeds (known)	Of which transitional activities	Of which enabling activities	
	GAR – Covered assets in the numerator and denominator						
1	Loans and advances, debentures and equity instruments not held for trading, which are eligible for the GAR calculation	79.12 %	8.09 %	–	0.25 %	0.96 %	28.81 %
2	Financial companies	74.52 %	–	–	–	–	20.94 %
3	Banking institutions	23.45 %	–	–	–	–	6.97 %
4	Loans and advances						
5	Debentures, including those for which the use of proceeds is known	23.45 %	–	–	–	–	6.97 %
6	Equity instruments						
7	Other financial corporations	100.00%	–	–	–	–	
19	Equity instruments						
20	Non-financial companies	91.49 %	29.67 %	–	0.91 %	3.52 %	7.85 %
21	Loans and advances	91.49 %	29.67 %	–	0.91 %	3.52 %	7.85 %
22	Debentures, including those for which the use of proceeds is known						
23	Equity instruments						
24	Private households	–	–	–	–	–	0.01 %
31	Collateral obtained by taking possession: Residential and commercial real estate						
32	Total GAR assets	23.48 %	2.40 %	–	0.07 %	0.28 %	28.81 %

The share of the assets admissible for the GAR calculation in new lending is on the same scale as that for stock KPIs. The counterparty groups of other financial corporations (real estate funds) and non-financial companies (NFRD stocks) in particular are highly taxonomy-eligible. As is the case with the portfolio (stock) view, no alignment information is available for real estate funds.

The other KPIs have a scope similar to that of the stock KPIs.

4.3 Qualitative Information

4.3.1 Background information to support the quantitative indicators, including the scope of the assets and activities recorded for each Template

This section will explain how the KPIs were derived. The challenges in determining KPIs are considerable, taking into account

- The final interpretation of the taxonomy
- The specifications for the calculation of the KPIs
- Data availability and analysis and selection of the data sets
- The interpretation of results
- The transparency standard, and
- the clear definition of the intended purpose in the core business of commercial real estate financing.

The (gross) book values from the FINREP reporting forms (HGB) as at the reporting date 31 December 2023 were used as the basis to determine the shares. The total GAR assets (total GAR covered assets) constitute the reference value (denominator) for all KPIs. The difference between these and the balance sheet total (total assets) are the risk positions relative to central banks, governments and supranational issuers.

The Template relate exclusively to the first two environmental objectives (climate change mitigation and climate change adaptation) of the EU Taxonomy Regulation. The taxonomy eligibility test for the 2023 financial year did not take into account the environmental objectives 3 to 6. As at the reporting date 31 December 2023, reports from our borrowers and bond issuers were not available.

In order to determine the templates to be reported in accordance with the EU taxonomy, we proceeded as follows:

The taxonomy-relevant volume was determined, i.e. the share in the business volume that will be subject to a review of taxonomy conformity starting in the 2023 reporting year. The evaluation of the taxonomy eligibility of risk positions generally depends on the product type (debentures, loans and advances, equity instruments), the intended purpose and the type of debtors, whereby the following customer groups (in line with FINREP) are classified:

- Banking institutions
- Other financial companies
- Non-financial companies
- Private households
- Government sector

Risk positions relative to companies (banking institutions, other financial and non-financial companies) were only classified as taxonomy-eligible if the counterparties themselves were subject to non-financial reporting (NFRD reporting requirement).

Furthermore, risk positions relative to private households and local authorities as sub-positions of the government sector are to be included in the check for taxonomy eligibility.

In deviation from the FINREP classification, shares in affiliated companies are classified as equity instruments and can therefore be taken into account in the GAR numerator. However, none of Berlin Hyp’s investments involve companies subject to the NFRD and are therefore only used in the GAR denominator.

For the calculation of the templates, a cascading with the following selection criteria was applied on the basis of Directive 2013/34/EU for the identification of companies not subject to the NFRD:

1. Allocation of the host country to the 27 EU member states
2. Identification as small and medium-sized enterprise (SME) in accordance with FINREP
3. Key business figures (number of employees, turnover and balance sheet total)
4. Type of company

Should the host country of the counterparty not be an EU member state, a classification as a SME has been carried out or a classification as not subject to the NFRD was derived, taking into account available key company figures, the relevant party was classified as not subject to the NFRD. Therefore, it became clear that a significant share of borrowers in our real estate financing portfolio are not subject to the NFRD in accordance with applicable definitions. Owing to the fine-tuning of the internal selection system in , conjunction with the progress made in master data care, we were , able to further improve the review of the NFRD reporting obligation for companies in the reporting period despite the fact that some information was still missing. The volume identified applying the selection criteria mostly comprises risk positions without directly allocable economic activities (intended purpose). Therefore, these positions were recognised in the amount of the available taxonomy ratios published by the companies as at the reporting date 31 December 2022, and were included in the templates.

The following FINREP tables were taken into account in the identification of the risk positions when calculating the share of taxonomy-eligible and taxonomy-aligned assets:

- → FINREP Template 1.1 – Balance sheet assets – other financial companies
- → FINREP Template 10 – Derivatives trading – private households
- → FINREP Template 11.2 – Derivatives hedge accounting
- → FINREP Template 18 – Financial instruments carried as assets (net of the trading portfolio)

It was ensured here that the balance sheet total (based on gross carrying amounts) from Template 1 of the EU taxonomy is reconcilable with the balance sheet total of FINREP Template 1.1.

Interpretation

- → Berlin Hyp classified the business areas relating to real estate funds as taxonomy-eligible, in line with previous years. However, special purpose vehicles (SPVs) are classified as non-taxonomy-eligible in the disclosure of 31 December 2023. Based on the communicated Group policies and requirements, a review and/or an alignment test of the business activities is not performed. Thus, real estate held by SPVs is classified as non-taxonomy-aligned and is therefore not taken into account in the numerator in the GAR calculation. A random test of the taxonomy alignment of the properties held in real estate funds resulted in a zero measurement.
- → Definition of “general governments” and/or “central governments”: Due to reasons of consistency with FINREP, the official definition of “general governments” and/or “government sector” was applied to FINREP reports (Regulation (EU) 2017/1538 of the European Central Bank, Annex V; Part 1.42(b)). The government or regional institutions include central, state, federal and municipal governments (local authorities), administrative bodies and non-profit companies which are held by the listed institutions, such as universities and Rentenversicherung Bund (German Pension Insurance Association). Commercial capital and partnerships held by the institutions listed above are excluded.
- → Supranational entities assigned to financial companies in FINREP are classified as supranational issuers in taxonomy reporting.

4.3.2 Information on the type and goals of taxonomy-compliant economic activities and their development over time, starting in the second year of implementation, whereas we distinguish between business-related, methodical and data-related aspects

Financial institutions have a key role to play in the transformation of business and industry. More specifically, such institutions are the entities that finance the investments that companies and governments need to make. Berlin Hyp therefore seeks to play a major role in efforts to expand the integration of sustainability criteria into real estate financing and investment products. The Sustainable Finance Framework published in 2022 integrates the requirements of the EU taxonomy for buildings and construction activities with regard to the primary environmental objective of climate change mitigation. The Sustainable Finance Framework represents an overarching approach for all of Berlin Hyp's Green Loans to classifying sustainable financing products on a holistic scale. These new criteria for eligible green assets have been initially added to the requirements that have been established for years, which mainly target the energy efficiency of the financed buildings. Starting in the 2022 reporting year, the assessment of the second EU taxonomy environmental objective (climate change adaptation) has been finalised for the calculation and documentation of taxonomy alignment and for the extension of the taxonomy loan. After the end of 2025, only loans that fully comply with the EU taxonomy will be classified as green under the Framework.

4.3.3 Description of compliance with Regulation (EU) No. 2020/852 in the business strategy of the financial company, in the product design processes and in the cooperation with customers and counterparties

Sustainability is an integral part of Berlin Hyp's business strategy, with the ESG vision, the four dimensions this vision is based on and the ambition level and goals linked thereto, as well as with the implementation of guidelines and policies for sustainable development and focus. With its business strategy and daily action, Berlin Hyp commits to a sustainable business approach and the effective consideration of sustainability. The Regulation (EU) 2020/852 (EU Environmental Taxonomy) is a top priority for Berlin Hyp. For the reporting in the 2023 financial year, the relevant assets and risk positions were analysed as to their taxonomy eligibility. Berlin Hyp will take into account the EU Taxonomy Regulation in its business strategy, in product design processes and in the cooperation with customers and counterparties. Assets will also be analysed as to their taxonomy compliance.

4.3.4 Trends, objectives and guidelines observed for banking institutions not subject to reporting quantitative disclosures regarding trade loans, qualitative disclosures for the adjustment of trading portfolios to Regulation (EU) 2020/852, including the overall structure

Berlin Hyp, as a non-trading bank, does not have a trading portfolio.

4.3.5 Additional or supplementary disclosures to support strategies of the financial company and on the significance of financing taxonomy-compliant economic activities in their entirety

Reference is made to Section 1.2 "Strategic Analysis and Measures" in this non-financial statement in conjunction with the details in Sections 4.2 and 4.3.

VII Taxonomy Templates

0. Overview of the KPIs to be disclosed by banking institutions in accordance with Article 8 of the Taxonomy Regulation

	Total environmentally sustainable assets: Turnover	Total environmentally sustainable assets: CapEx	KPIs****	KPIs*****	% coverage (of total assets)***	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1) and Section 1.2.4 of Annex V)
Main KPI							
Green assets ratio (GAR) stock	148,564,424.94	446,683,025.69	0.44 %	1.34 %	25.10 %	68.05 %	6.85 %

	Total environmentally sustainable assets: Turnover	Total environmentally sustainable assets: CapEx	KPIs****	KPIs*****	% coverage (of total assets)***	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1) and Section 1.2.4 of Annex V)
Additional KPIs							
GAR (flows)	51,036,638.53	150,221,049.26	2.75 %	8.09 %	28.81 %	68.27 %	2.92 %
Trading book*	–	–	n/a	n/a	–	–	–
Financial guarantees	–	–	–	–	–	–	–
Assets under management	–	–	–	–	–		
Fees and commissions income**	–	–	n/a	n/a	–		

* For banking institutions that do not meet the requirements stipulated in Article 94 (1) or Article 325a (1) of the Capital Requirements Regulation
** Fees and commissions income from services other than lending and assets under management
For this KPI, credit institutions disclose forward-looking information, including information in the form of targets, together with relevant explanations of the methodology applied.
*** % of the assets covered by the KPI relative to the value of the total assets of the banks
**** Based on the turnover KPI of the counterparty
*****Based on the CapEx KPI of the counterparty, with the exception of the lending business; the turnover KPI is used for the general lending business
Note 1: For all templates: Fields in black do not have to be completed.
Note 2: The "Fees and commissions income" KPI (Template 6) and "KPI Trading book portfolio" (Template 7) do not apply until 2026.
The inclusion of SMEs in these KPI will only apply subject to a positive result of an impact assessment.

1. Assets for the calculation of the GAR - Turnover
in €

		a	b	c	d	e	f
		Total [gross] carrying amount					
			Climate change mitigation (CCM)				
			Of which in taxonomy-relevant sectors (taxonomy-eligible)				
				Of which environmentally sustainable (taxonomy-aligned)			
					Of which use of proceeds (known)	Of which transitional activities	Of which enabling activities
	GAR – Covered assets in the numerator and denominator						
1	Loans and advances, debentures and equity instruments not held for trading, which are eligible for the GAR calculation	9.009.895.969.00	6.887.115.396.97	148.564.424.94		44.711.979.15	760.140.49
2	Financial companies	7.959.551.242.28	6.079.239.581.95	39.455.352.76		2.415.240.94	363,475.82
3	Banking institutions	2,034,616,077.45	475,326,865.15	–		–	–
4	Loans and advances						
5	Debentures, including those for which the use of proceeds is known	2,034,616,077.45	475,326,865.15				
6	Equity instruments						
7	Other financial corporations	5,924,935,164.83	5,603,912,716.80	39,455,352.76		2,415,240.94	363,475.82
8	of which investment firms						
9	Loans and advances						
10	Debentures, including those for which the use of proceeds is known						
11	Equity instruments						
12	of which management companies						
13	Loans and advances						
14	Debentures, including those for which the use of proceeds is known						
15	Equity instruments						
16	of which insurance companies						
17	Loans and advances						
18	Debentures, including those for which the use of proceeds is known						
19	Equity instruments						
20	Non-financial companies	1,016,116,538.29	807,875,815.01	109,109,072.19		42,296,738.22	396,664.68

g	h	i	j	ab	ac	ad	ae	af
			31.12,2023					
			Climate change adaptation (CCA)					TOTAL (CCM + CCA + WTR + CE + PPC + BIO)
			Of which in taxonomy-relevant sectors (taxonomy-eligible)					Of which in taxonomy-relevant sectors (taxonomy-eligible)
			Of which environmentally sustainable (taxonomy-aligned)					Of which environmentally sustainable (taxonomy-aligned)
		Of which use of proceeds (known)	Of which enabling activities			Of which use of proceeds (known)	Of which transitional activities	Of which enabling activities
				6.887.115.396.97	148.564.424.94		44.711.979.15	760.140.49
				6,079,239,581.95	39,455,352.76		2,415,240.94	363,475.82
				475,326,865.15	–		–	–
				–	–		–	–
				475,326,865.15	–		–	–
				–	–		–	–
				5,603,912,716.80	39,455,352.76		2,415,240.94	363,475.82
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				807,875,815.01	109,109,072.19		42,296,738.22	396,664.68

21	Loans and advances	1,006,199,921.38	800,339,186.16	104,745,760.75		42,296,738.22	
22	Debentures, including those for which the use of proceeds is known	9,916,616.91	7,536,628.85	4,363,311.44			396,664.68
23	Equity instruments						
24	Private households	34,228,188.43					
25	of which loans collateralised by residential real estate	21,033,967.28					
26	of which building renovation loans						
27	of which motor vehicle loans						
28	Local government financing						
29	Housing financing						
30	Other local government financing						
31	Collateral obtained by taking possession: Residential and commercial real estate						
32	**Assets not included in the numerator for the GAR calculation (included in the denominator)**	24,423,897,175.03					
33	Financial and non-financial companies	23,601,149,456.10					
34	SMEs and NFCs (that are not SMEs) not subject to the disclosure requirement of the directive concerning the disclosure of non-financial information	22,948,631,864.10					
35	Loans and advances	22,617,695,549.05					
36	of which loans collateralised by commercial real estate	17,040,360,751.02					
37	of which building renovation loans						
38	Debentures	330,936,315.05					
39	Equity instruments						
40	Counterparties from non-EU countries not subject to the disclosure requirement of the directive concerning the disclosure of non-financial information	652,517,592.00					
41	Loans and advances	53,815,345.24					
42	Debentures	598,702,246.76					
43	Equity instruments						
44	Derivatives	380,196,998.69					
45	Short-term interbank loans	1,584,948.55					
46	Cash and cash-related assets						

				800,339,186.16	104,745,760.75		42,296,738.22	–
				7,536,628.85	4,363,311.44		–	396,664.68
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–

47	Other asset categories (e.g. goodwill, goods, commodities, etc.)	440,965,771.69					
48	Total GAR assets	33,433,793,144.03					
49	**Assets not covered in the GAR calculation**	2,458,710,661.28					
50	Central governments and supranational issuers	2,420,174,116.46					
51	Risk positions in relation to central banks	38,536,544.82					
52	Trading book						
53	**Total assets**	**35,892,503,805.31**	**6,887,115,396.97**	**148,564,424.94**	–	**44,711,979.15**	**760,140.49**
Off-balance sheet risk positions – companies subject to the disclosure requirement of the directive concerning the disclosure of non-financial information							
54	Financial guarantees	273,096,561.96					
55	Assets under management						
56	Of which debentures						
57	Of which equity instruments						

–				**6,887,115,396.97**	**148,564,424.94**	**–**	**44,711,979.15**	**760,140.49**

1. Assets for the calculation of the GAR - CapEx
in €

		a	b	c	d	e	f
		Total [gross] carrying amount	Climate change mitigation (CCM)				
			Of which in taxonomy-relevant sectors (taxonomy-eligible)				
				Of which environmentally sustainable (taxonomy-aligned)			
					Of which use of proceeds (known)	Of which transitional activities	Of which enabling activities
	GAR – Covered assets in the numerator and denominator						
1	Loans and advances, debentures and equity instruments not held for trading, which are eligible for the GAR calculation	9,009,895,969.00	6,677,517,103.40	325,835,202.22	–	9,045,994.20	47,511,785.01
2	Financial companies	7,959,551,242.28	6,067,799,887.33	114,601,435.65	–	3,369,962.42	18,966,737.46
3	Banking institutions	2,034,616,077.45	475,427,549.00	–	–	–	–
4	Loans and advances						
5	Debentures, including those for which the use of proceeds is known	2,034,616,077.45	475,427,549.00				
6	Equity instruments						
7	Other financial corporations	5,924,935,164.83	5,592,372,338.33	114,601,435.65		3,369,962.42	18,966,737.46
8	of which investment firms						
9	Loans and advances						
10	Debentures, including those for which the use of proceeds is known						
11	Equity instruments						
12	of which management companies						
13	Loans and advances						
14	Debentures, including those for which the use of proceeds is known						
15	Equity instruments						
16	of which insurance companies						
17	Loans and advances						
18	Debentures, including those for which the use of proceeds is known						
19	Equity instruments						

g	h	i	j	ab	ac	ad	ae	af
			31.12.2023					
			Climate change adaptation (CCA)					TOTAL (CCM + CCA + WTR + CE + PPC + BIO)
			Of which in taxonomy-relevant sectors (taxonomy-eligible)					Of which in taxonomy-relevant sectors (taxonomy-eligible)
			Of which environmentally sustainable (taxonomy-aligned)					Of which environmentally sustainable (taxonomy-aligned)
		Of which use of proceeds (known)	Of which enabling activities			Of which use of proceeds (known)	Of which transitional activities	Of which enabling activities
160,915,876.79	120,847,823.47	–	–	6,838,432,980.20	446,683,025.69		9,045,994.20	47,511,785.01
				6,067,799,887.33	114,601,435.65		3,369,962.42	18,966,737.46
				475,427,549.00	–		–	–
				–	–		–	–
				475,427,549.00	–		–	–
				–	–		–	–
				5,592,372,338.33	114,601,435.65		3,369,962.42	18,966,737.46
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–

20	Non-financial companies	1,016,116,538.29	609,717,216.07	211,233,766.58	-	5,676,031.78	28,545,047.55
21	Loans and advances	1,006,199,921.38	600,494,762.34	209,151,277.02		5,676,031.78	27,255,887.35
22	Debentures, including those for which the use of proceeds is known	9,916,616.91	9,222,453.73	2,082,489.55			1,289,160.20
23	Equity instruments						
24	Private households	34,228,188.43					
25	of which loans collateralised by residential real estate	21,033,967.28					
26	of which building renovation loans						
27	of which motor vehicle loans						
28	Local government financing						
29	Housing financing						
30	Other local government financing						
31	Collateral obtained by taking possession: Residential and commercial real estate						
32	**Assets not included in the numerator for the GAR calculation (included in the denominator)**	24,423,897,175.03					
33	Financial and non-financial companies	23,601,149,456.10					
34	SMEs and NFCs (that are not SMEs) not subject to the disclosure requirement of the directive concerning the disclosure of non-financial information	22,948,631,864.10					
35	Loans and advances	22,617,695,549.05					
36	of which loans collateralised by commercial real estate	17,040,360,751.02					
37	of which building renovation loans						
38	Debentures	330,936,315.05					
39	Equity instruments						
40	Counterparties from non-EU countries not subject to the disclosure requirement of the directive concerning the disclosure of non-financial information	652,517,592.00					
41	Loans and advances	53,815,345.24					
42	Debentures	598,702,246.76					
43	Equity instruments						
44	Derivatives	380,196,998.69					
45	Short-term interbank loans	1,584,948.55					
46	Cash and cash-related assets						

160,915,876.79	120,847,823.47	-	-	770,633,092.86	332,081,590.05		5,676,031.78	28,545,047.55
160,915,876.79	120,847,823.47			761,410,639.14	329,999,100.50		5,676,031.78	27,255,887.35
				9,222,453.73	2,082,489.55		–	1,289,160.20
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				–	–		–	–
				-	-		-	-

47	Other asset categories (e.g. goodwill, goods, commodities, etc.)	440,965,771.69					
48	Total GAR assets	33,433,793,144.03					
49	**Assets not covered in the GAR calculation**	2,458,710,661.28					
50	Central governments and supranational issuers	2,420,174,116.46					
51	Risk positions in relation to central banks	38,536,544.82					
52	Trading book						
53	**Total assets**	**35,892,503,805.31**	**6,677,517,103.40**	**325,835,202.22**	**–**	**9,045,994.20**	**47,511,785.01**
Off-balance sheet risk positions – companies subject to the disclosure requirement of the directive concerning the disclosure of non-financial information							
54	Financial guarantees	273,096,561.96					
55	Assets under management						
56	Of which debentures						
57	Of which equity instruments						

1. This template shall include information for loans and advances, debt securities and equity instruments in the banking book, towards financial corporates, non-financial corporates (NFC), including SMEs, households (including residential real estate, house renovation loans and motor vehicle loans only) and local governments/municipalities (house financing).
2. The following accounting categories of financial assets should be considered: Financial assets at amortised cost, financial assets at fair value through other comprehensive income, investments in subsidiaries, joint ventures and associates, financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss, and real estate collaterals obtained by credit institutions by taking possession in exchange in of cancellation of debts.
3. Banks with non-EU subsidiary should provide this information separately for exposures towards non-EU counterparties. For non-EU exposures, while there are additional challenges in terms of absence of common disclosure requirements and methodology, as the EU taxonomy and the NFRD apply only at EU level, given the relevance of these exposures for those credit institutions with non-EU subsidiaries, these institutions should disclose a separate GAR for non-EU exposures, on a best effort basis, in the form of estimates and ranges, using proxies, and explaining the assumptions, caveats and limitations
4. For motor vehicle loans, institutions shall only include those exposures generated after the date of application of the disclosure

160,915,876.79	**120,847,823.47**	**–**	**–**	**6,838,432,980.20**	**446,683,025.69**	**–**	**9,045,994.20**	**47,511,785.01**

2. GAR sector information – Turnover

	Sectoral breakdown – NACE 4-digit level (code and designation)	a	b	c	d	e	f
		Climate change mitigation (CCM)					
		Non-financial corporations (subject to the directive concerning the disclosure of non-financial information)		SMEs and other NFCs not subject to the directive concerning the disclosure of non-financial information		Non-financial corporations (subject to the directive concerning the disclosure of non-financial information)	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		€	Of which envi-ronmentally sustainable (CCM)	€	Of which envi-ronmentally sustainable (CCM)	€	Of which envi-ronmentally sustainable (CCM)
1	H49.1.0	7,536,628.85	4,363,311.44				
2	L68.2.0	800,339,186.16	104,745,760.75				

2. GAR sector information – CapEx

	Sectoral breakdown – NACE 4-digit level (code and designation)	a	b	c	d	e	f
		Climate change mitigation (CCM)					
		Non-financial corporations (subject to the directive concerning the disclosure of non-financial information)		SMEs and other NFCs not subject to the directive concerning the disclosure of non-financial information		Non-financial corporations (subject to the directive concerning the disclosure of non-financial information)	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		€	Of which envi-ronmentally sustainable (CCM)	€	Of which envi-ronmentally sustainable (CCM)	€	Of which envi-ronmentally sustainable (CCM)
1	H49.1.0	9,222,453.73	2,082,489.55				
2	L68.2.0	600,494,762.34	209,151,277.02			160,915,876.79	120,847,823.47

g	h	y	z	aa	ab
Climate change adaptation (CCA)		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
SMEs and other NFCs not subject to the directive concerning the disclosure of non-financial information		Non-financial corporations (subject to the directive concerning the disclosure of non-financial information)		SMEs and other NFCs not subject to the directive concerning the disclosure of non-financial information	
[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
€	Of which envi-ronmentally sustainable (CCM)	€	Of which environ-mentally sustai-nable (CCM + CCA + WTR + CE + PPC + BIO)	€	Of which environ-mentally sustai-nable (CCM + CCA + WTR + CE + PPC + BIO)
		7,536,628.85	4,363,311.44		
		800,339,186.16	104,745,760.75		

g	h	y	z	aa	ab
Climate change adaptation (CCA)		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
SMEs and other NFCs not subject to the directive concerning the disclosure of non-financial information		Non-financial corporations (subject to the directive concerning the disclosure of non-financial information)		SMEs and other NFCs not subject to the directive concerning the disclosure of non-financial information	
[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
€	Of which envi-ronmentally sustainable (CCM)	€	Of which environ-mentally sustai-nable (CCM + CCA + WTR + CE + PPC + BIO)	€	Of which environ-mentally sustai-nable (CCM + CCA + WTR + CE + PPC + BIO)
		9,222,453.73	2,082,489.55		
		761,410,639.14	329,999,100.50		

3. GAR KPIs - Stock

		a	b	c	d	e	f
	% (compared to total covered assets in the denominator)	Climate change mitigation (CCM)					
			Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				
				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)			
				Of which use of proceeds (known)	Of which transitional activities	Of which enabling activities	
	GAR – Covered assets in the numerator and denominator						
1	Loans and advances, debentures and equity instruments not held for trading, which are eligible for the GAR calculation	76.44 %	1.65 %		0.50 %	0.01 %	
2	Financial companies	76.38 %	0.50 %		0.03 %	–	
3	Banking institutions	23.36 %	–		–	–	
4	Loans and advances						
5	Debentures, including those for which the use of proceeds is known	23.36 %	–		–	–	
6	Equity instruments						
7	Other financial corporations	94.58 %	0.67 %		0.04 %	0.01 %	
8	of which investment firms						
9	Loans and advances						
10	Debentures, including those for which the use of proceeds is known						
11	Equity instruments						
12	of which management companies						
13	Loans and advances						
14	Debentures, including those for which the use of proceeds is known						
15	Equity instruments						
16	of which insurance companies						
17	Loans and advances						

g	h	i	aa	ab	ac	ad	ae	af
		31.12.2023						
Climate change adaptation (CCA)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)					Proportion of total covered assets
Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)				
	Of which use of proceeds (known)	Of which enabling activities			Of which use of proceeds (known)	Of which transitional activities	Of which enabling activities	
			76.44 %	1.65 %		0.50 %	0.01 %	25.10 %
			76.38 %	0.50 %		0.03 %	–	22.18 %
			23.36 %	–		–	–	5.67 %
								–
			23.36 %	–		–	–	5.67 %
								–
			94.58 %	0.67 %		0.04 %	0.01 %	16.51 %
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–

18	Debentures, including those for which the use of proceeds is known						
19	Equity instruments						
20	Non-financial companies	79.51 %	10.74 %		4.16 %	0.04 %	
21	Loans and advances	79.54 %	10.41 %		4.20 %	–	
22	Debentures, including those for which the use of proceeds is known	76.00 %	44.00 %		–	4.00 %	
23	Equity instruments						
24	Private households	–	–		–	–	
25	of which loans collateralised by residential real estate	–	–		–	–	
26	of which building renovation loans						
27	of which motor vehicle loans						
28	Local government financing						
29	Housing financing						
30	Other local government financing						
31	Collateral obtained by taking possession: Residential and commercial real estate						
32	Total GAR assets	**20.60 %**	**0.44 %**		**0.13 %**	**–**	

								–
								–
			79.51 %	10.74 %		4.16 %	0.04 %	2.83 %
			79.54 %	10.41 %		4.20 %	–	2.80 %
			76.00 %	44.00 %		–	4.00 %	0.03 %
								–
			–	–		–	–	0.10 %
			–	–		–	–	0.06 %
								–
								–
								–
								–
								–
			20.60 %	**0.44 %**		**0.13 %**	**–**	**25.10 %**

3. GAR KPI stock - CapEx

		a	b	c	d	e	f
% (compared to total covered assets in the denominator)		Climate change mitigation (CCM)					
			Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				
				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)			
					Of which use of proceeds (known)	Of which transitional activities	Of which enabling activities	
	GAR – Covered assets in the numerator and denominator						
1	Loans and advances, debentures and equity instruments not held for trading, which are eligible for the GAR calculation	74.11 %	3.62 %	–	0.10 %	0.53 %	1.79 %
2	Financial companies	76.23 %	1.44 %	–	0.04 %	0.24 %	–
3	Banking institutions	23.37 %	–	–	–	–	–
4	Loans and advances						
5	Debentures, including those for which the use of proceeds is known	23.37 %	–	–	–	–	–
6	Equity instruments						
7	Other financial corporations	94.39 %	1.93 %	–	0.06 %	0.32 %	–
8	of which investment firms						
9	Loans and advances						
10	Debentures, including those for which the use of proceeds is known						
11	Equity instruments						
12	of which management companies						
13	Loans and advances						
14	Debentures, including those for which the use of proceeds is known						
15	Equity instruments						
16	of which insurance companies						
17	Loans and advances						

g	h	i	aa	ab	ac	ad	ae	af
31.12.2023								
Climate change adaptation (CCA)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)				Proportion of total covered assets
Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)				
	Of which use of proceeds (known)	Of which enabling activities			Of which use of proceeds (known)	Of which transitional activities	Of which enabling activities	
1.34 %	–	–	75.90 %	4.96 %	–	0.10 %	0.53 %	25.10 %
–	–	–	76.23 %	1.44 %	–	0.04 %	0.24 %	22.18 %
–	–	–	23.37 %	–	–	–	–	5.67 %
								–
–	–	–	23.37 %	–	–	–	–	5.67 %
								–
–	–	–	94.39 %	1.93 %	–	0.06 %	0.32 %	16.51 %
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–

18	Debentures, including those for which the use of proceeds is known						
19	Equity instruments						
20	Non-financial companies	60.00 %	20.79 %	–	0.56 %	2.81 %	15.84 %
21	Loans and advances	59.68 %	20.79 %	–	0.56 %	2.71 %	15.99 %
22	Debentures, including those for which the use of proceeds is known	93.00 %	21.00 %	–	–	13.00 %	–
23	Equity instruments						
24	Private households	–	–	–	–	–	–
25	of which loans collateralised by residential real estate	–	–	–	–	–	–
26	of which building renovation loans						
27	of which motor vehicle loans						
28	Local government financing						
29	Housing financing						
30	Other local government financing						
31	Collateral obtained by taking possession: Residential and commercial real estate						
32	Total GAR assets	**19.97 %**	**0.97 %**	**–**	**0.03 %**	**0.14 %**	**0.48 %**

								–
								–
11.89 %	–	–	75.84 %	32.68 %	–	0.56 %	2.81 %	2.83 %
12.01 %	–	–	75.67 %	32.80 %	–	0.56 %	2.71 %	2.80 %
–	–	–	93.00 %	21.00 %	–	–	13.00 %	0.03 %
								–
–	–	–	–	–	–	–	–	0.10 %
–	–	–	–	–	–	–	–	0.06 %
								–
								–
								–
								–
								–
0.36 %	**–**	**–**	**20.45 %**	**1.34 %**	**–**	**0.03 %**	**0.14 %**	**25.10 %**

4. GAR KPIs – Flow

	% (compared to flow of total eligible assets)	a	b	c	d	e	f
		Climate change mitigation (CCM)					
		Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)				
				Of which use of proceeds (known)	Of which transitional activities	Of which enabling activities	
	GAR – Covered assets in the numerator and denominator						
1	Loans and advances, debentures and equity instruments not held for trading, which are eligible for the GAR calculation	78.99 %	2.75 %	–	–	–	
2	Financial companies	74.52 %	–	–	–	–	
3	Banking institutions	23.44 %	–	–	–	–	
4	Loans and advances						
5	Debentures, including those for which the use of proceeds is known	23.44 %	–	–	–	–	
6	Equity instruments						
7	Other financial corporations	100.00 %	–	–	–	–	
8	of which investment firms						
9	Loans and advances						
10	Debentures, including those for which the use of proceeds is known						
11	Equity instruments						
12	of which management companies						
13	Loans and advances						
14	Debentures, including those for which the use of proceeds is known						
15	Equity instruments						
16	of which insurance companies						
17	Loans and advances						
18	Debentures, including those for which the use of proceeds is known						

g	h	i	aa	ab	ac	ad	ae	af
		31.12.2023						
		Climate change adaptation (CCA)					TOTAL (CCM + CCA + WTR + CE + PPC + BIO)	
		Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)	Proportion of total covered assets
		Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)	
	Of which use of proceeds (known)	Of which enabling activities			Of which use of proceeds (known)	Of which transitional activities	Of which enabling activities	
			78.99 %	2.75 %	–	–	–	28.81 %
			74.52 %	–	–	–	–	20.94 %
			23.44 %	–	–	–	–	6.97 %
			23.44 %	–	–	–	–	6.97 %
			100.00 %	–	–	–	–	

19	Equity instruments					
20	Non-financial companies	91.02 %	10.08 %	–	–	–
21	Loans and advances	91.02 %	10.08 %	–	–	–
22	Debentures, including those for which the use of proceeds is known					
23	Equity instruments					
24	Private households	–	–	–	–	–
25	of which loans collateralised by residential real estate	–	–	–	–	–
26	of which building renovation loans					
27	of which motor vehicle loans					
28	Local government financing					
29	Housing financing					
30	Other local government financing					
31	Collateral obtained by taking possession: Residential and commercial real estate					
32	Total GAR assets	**23.44 %**	**0.82 %**	**–**	**–**	**–**

			91.02 %	10.08 %	–	–	–	7.85 %
			91.02 %	10.08 %	–	–	–	7.85 %
			–	–	–	–	–	0.01 %
			–	–	–	–	–	0.01 %
			23.44 %	**0.82 %**	**–**	**–**	**–**	**28.81 %**

4. GAR KPIs flow – CapEx

		a	b	c	d	e	f
% (compared to flow of total eligible assets)		Climate change mitigation (CCM)					
		Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)				
				Of which use of proceeds (known)	Of which transitional activities	Of which enabling activities	
	GAR – Covered assets in the numerator and denominator						
1	Loans and advances, debentures and equity instruments not held for trading, which are eligible for the GAR calculation	79.12 %	8.09 %	–	0.25 %	0.96 %	
2	Financial companies	74.52 %	–	–	–	–	
3	Banking institutions	23.45 %	–	–	–	–	
4	Loans and advances						
5	Debentures, including those for which the use of proceeds is known	23.45 %	–	–	–	–	
6	Equity instruments						
7	Other financial corporations	100.00 %	–	–	–	–	
8	of which investment firms						
9	Loans and advances						
10	Debentures, including those for which the use of proceeds is known						
11	Equity instruments						
12	of which management companies						
13	Loans and advances						
14	Debentures, including those for which the use of proceeds is known						
15	Equity instruments						
16	of which insurance companies						

g	h	i	aa	ab	ac	ad	ae	af
31.12.2023								
Climate change adaptation (CCA)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)			Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-eligible)					Proportion of total covered assets
	Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (taxonomy-aligned)				
	Of which use of proceeds (known)	Of which enabling activities			Of which use of proceeds (known)	Of which transitional activities	Of which enabling activities	
			79.12 %	8.09 %	–	0.25 %	0.96 %	28.81 %
			74.52 %	–	–	–	–	20.94 %
			23.45 %	–	–	–	–	6.97 %
			23.45 %	–	–	–	–	6.97 %
			100.00 %	–	–	–	–	

17	Loans and advances						
18	Debentures, including those for which the use of proceeds is known						
19	Equity instruments						
20	Non-financial companies	91.49 %	29.67 %	–	0.91 %	3.52 %	
21	Loans and advances	91.49 %	29.67 %	–	0.91 %	3.52 %	
22	Debentures, including those for which the use of proceeds is known						
23	Equity instruments						
24	Private households	–	–	–	–	–	
25	of which loans collateralised by residential real estate	–	–	–	–	–	
26	of which building renovation loans						
27	of which motor vehicle loans						
28	Local government financing						
29	Housing financing						
30	Other local government financing						
31	Collateral obtained by taking possession: Residential and commercial real estate						
32	Total GAR assets	**23.48 %**	**2.40 %**	**–**	**0.07 %**	**0.28 %**	

			91.49 %	29.67 %	–	0.91 %	3.52 %	7.85 %
			91.49 %	29.67 %	–	0.91 %	3.52 %	7.85 %
			–	–	–	–	–	0.01 %
			–	–	–	–	–	0.01 %
			23.48 %	**2.40 %**	**–**	**0.07 %**	**0.28 %**	**28.81 %**

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

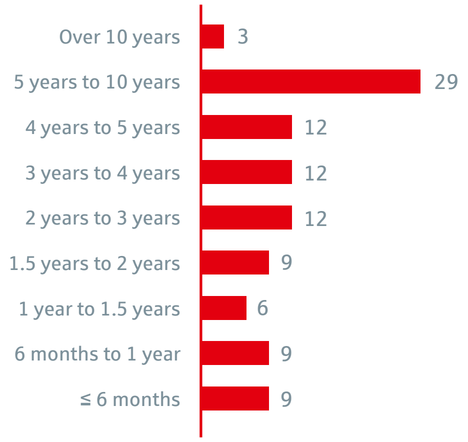
IX Further Information for Investors

Mortgage Loan Portfolio

The breakdown of the mortgage loan portfolio by maturity structure and loan-to-value ratio as at 31 December 2023 was as follows:

Maturity Structure of Loans

in %



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

in %

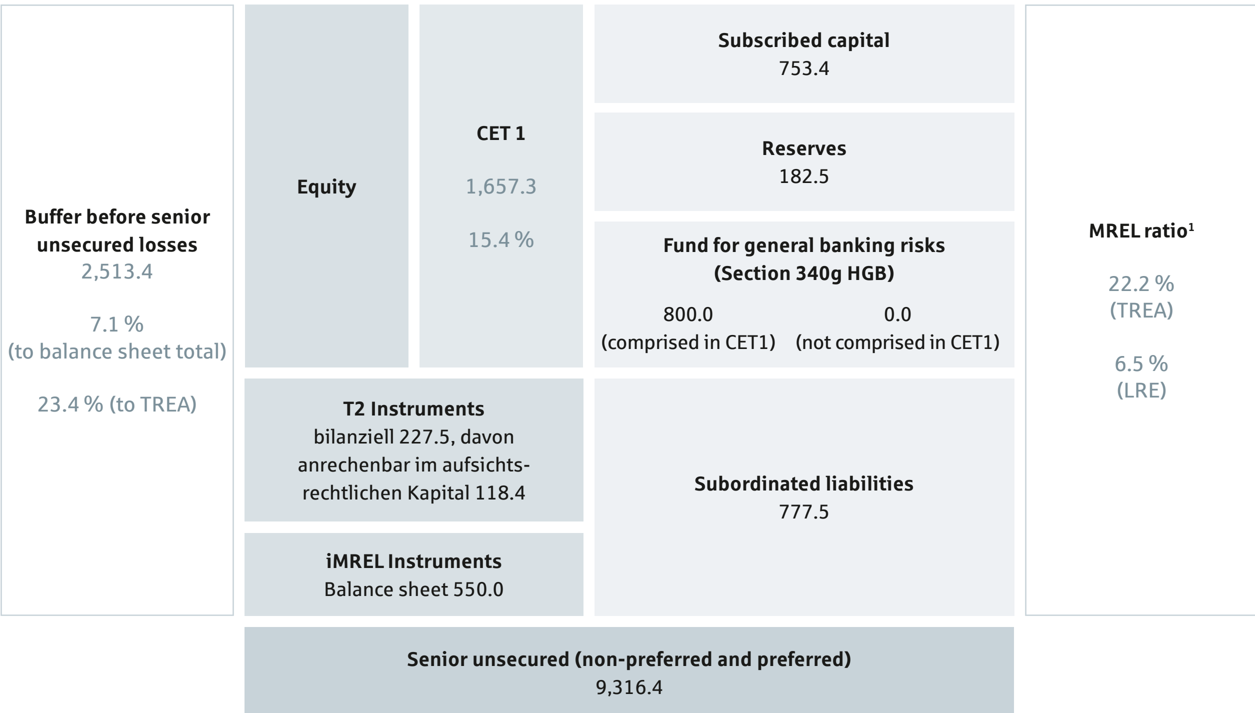
Lending region	Ø LTV
Germany	55.6
BeNeLux	53.9
France	52.8
Poland/Czech Republic	63.9

Key Regulatory Indicators
in €m

	31.12.23	31.12.22
Common equity tier 1 (CET1)	1,657.3	1,623.4
Additional tier 1 capital (AT1)	0.0	0.0
Tier 1 capital (T1)	1,657.3	1,623.4
Tier 2 capital (T2)	183.8	209.4
Own funds/Total capital	1,841.1	1,832.8
Risk weighted assets (RWA)	10,753.2	11,854.0
CET1 ratio in %	15.4	13.7
T1 ratio in %	15.4	13.7
Total capital ratio in %	17.1	15.5
Leverage ratio in %	4.5	4.5
iMREL (Leverage Ratio Exposure)*	6.5	72.8
iMREL (Total Risk Exposure Amount)*	22.2	24.0
LCR	149.8	124.5
NSFR	111.3	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) 22.24 % and/or to the leverage ratio exposure (LRE) 6.52 %
iMREL requirement from 01.01.2024 on: 15.75 % TREA + CBR and/or 5.91 % LRE.

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Annual Financial Statements

Balance Sheet of Berlin Hyp AG as at 31. Dezember 2023

Assets

	€	31.12.2023 €	31.12.2022 T€
1. Cash reserves			
a) Cash in hand	–		–
b) Central bank balances	38,536,544.82		26,722
of which: at Deutsche Bundesbank €38,536,544.82 (previous year: T€26,722)		**38,536,544.82**	26,722
2. Public-sector debt and bills of exchange admitted for refinancing at central banks		–	–
3. Claims against banking institutions			
a) Mortgage loans	–		–
b) Public-sector loans	–		–
c) Other claims	285,446,662.57		211,186
of which: due on demand €1,584,948.54 (previous year: T€101,270)		**285,446,662.57**	211,186
with securities as collateral €0.00 (previous year: T€0)			
4. Claims against customers			
a) Mortgage loans	28,654,353,509.36		27,503,415
b) Public-sector loans	419,482,605.50		419,504
c) Other claims	145,107,449.65		79,968
of which: with securities as collateral €0.00 (previous year: T€0)		**29,218,943,564.51**	28,002,887
5. Debentures and other fixed-interest securities			
a) Money market securities			
aa) Issued by public institutions	–		–
of which: eligible as security at Deutsche Bundesbank €0.00 (previous year: T€0)			
ab) From other issuers	–		148,068
of which: eligible as security at Deutsche Bundesbank €0.00 (previous year: T€123,103)			
	–		148,068
b) Bonds and debentures			
ba) Issued by public institutions	1,996,378,423.45		2,120,711
of which: eligible as security at Deutsche Bundesbank €1,996,378,423.45 (previous year: T€2,120,711)			
bb) From other issuers	3,326,253,651.80		3,285,212
of which: eligible as security at Deutsche Bundesbank €3,303,183,258.29 (previous year: T€3,278,510)			
	5,322,632,075.25		5,405,923
c) Own debentures	–		–
Nominal amount €0.00 (previous year: T€0)		**5.322,632,075.25**	5,553,991
6. Shares and other non-fixed-interest securities		–	–
6a. Trading portfolio		–	–
7. Participations		**3,962,520.63**	4,764
of which: in banking institutions €0.00 (previous year: T€0) in financial services institutions €0.00 (previous year: T€0) in securities institutions €0.00 (previous year: T€0)			
Carryover		**34,869,521,367.78**	**33,799,550**

Liabilities

	€	31.12.2023 €	31.12.2022 T€
1. Liabilities to banking institutions			
a) Registered mortgage Pfandbriefe issued	214,945,186.59		249,401
b) Registered public Pfandbriefe issued	15,432,173.47		24,774
c) Other liabilities	2,481,010,346.12		4,565,260
of which: due on demand €14,493,177.49 (previous year: T€34)		**2,711,387,706.18**	4,839,435
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	1,475,600,270.95		1,391,921
b) Registered public Pfandbriefe issued	131,151,457.78		181,530
c) Other liabilities	4,424,655,830.94		3,103,171
of which: due on demand €262,817,191.65 (previous year: T€279,749)		**6,031,407,559.67**	4,676,622
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	16,057,738,518.69		14,462,114
ab) Public Pfandbriefe	39,267.20		39
ac) Other debentures	7,083,968,528.65		7,625,026
	23,141,746,314.54		22,087,179
b) Other securitised liabilities	–		–
of which: money market securities €0.00 (previous year: T€0)		**23,141,746,314.54**	22,087,179
3a. Trading portfolio		**–**	–
4. Trust liabilities		**–**	–
of which: trust loans €0.00 (previous year: T€0)			
5. Other liabilities		**509,727,878.18**	381,103
6. Deferred income			
a) From issue and loan business	132,230,949.72		137,988
b) Other	–		35
		132,230,949.72	138,023
6a. Deferred tax liabilities		**–**	–
7. Reserves			
a) Provisions for pensions	240,868,562.00		229,871
b) Tax provisions	11,732,000.00		11,700
c) Other provisions	80,415,039.21		88,145
		333,015,601.21	329,716
8. Subordinated liabilities		**786,296,704.60**	232,896
Carryover		**33,645,812,714.10**	**32,684,974**

Balance Sheet of Berlin Hyp AG as at 31. Dezember 2023

Assets

	€	31.12.2023 €	31.12.2022 T€
Carryover		**34,869,521,367.78**	**33,799,550**
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) in securities institutions €0.00 (previous year: T€0)			
9. Trust assets		–	–
of which: trust loans €0.00 (previous year: T€0)			
10. Equalisation claims against public-sector institutions, including debentures arising from their exchange		–	–
11. Intangible investment assets			
a) Internally produced industrial property rights and similar rights and values	–		–
b) Purchased concessions, industrial property rights and similar rights and values as well as licences for such rights and values	32,344,845.96		30,932
c) Goodwill	–		–
d) Payments in advance	32,233,976.56		22,811
		64,578,822.52	53,743
12. Tangible fixed assets		**100,437,311.79**	62,155
13. Unpaid called-up contributions to the subscribed capital		–	–
14. Other assets		**317,574,102.51**	398,123
15. Deferred income			
a) From issue and loan business	102,806,957.02		95,503
b) Other	1,911,290.43		2,790
		104,718,247.45	98,293
16. Deferred tax assets		–	–
17. Surplus arising from offsetting		–	–
18. Deficits not covered by equity capital		–	–
Total assets		**35,456,855,498.66**	34,411,890

Liabilities

		€	31.12.2023 €	31.12.2022 T€
	Carryover		**33,645,812,714.10**	**32,684,974**
9.	**Profit-sharing rights capital**		–	–
	of which: due within two years €0.00 (previous year: T€0)			
10.	**Fund for general banking risks**		**800,000,000.00**	750,000
11.	**Equity**			
	a) Called-up capital			
	aa) Subscribed capital	753,389,240.32		753,389
	ab) Less unpaid contributions not called up	–		–
		753,389,240.32		753,389
	b) Capital reserve	158,316,268.74		158,316
	c) Retained earnings			
	ca) Statutory reserve	22,022,655.29		22.023
	cb) Reserve for own shares in companies with a controlling or majority holding	–		–
	cc) Articles of Association reserve	–		–
	cd) Other retained earnings	2,174,992.78		2,175
		24,197,648.07		24,198
	d) Balance sheet profit	75,139,627.43		41,013
			1,011,042,784.56	976,916
	Total liabilities		**35,456,855,498.66**	34,411,890
1.	**Contingent liabilities**			
	a) Liabilities from guarantees and warranty contracts		**283,362,611.79**	321,086
2.	**Other obligations**			
	a) Irrevocable loan commitments		**2,042,158,805.12**	3,331,200

Profit and Loss Account

of Berlin Hyp AG for the period from 1 January to 31 Dezember 2023

Expenditure			Pro forma figures			
		31.12.23		01.01. – 31.12.22		01.07. – 31.12.22
	€	€		T€		T€
1. Interest expenditure	611,907,447.05		216,774		129,358	
less positive interest	944.44	**611,906,502.61**	75,539	**141,235**	7,751	121,607
2. Commission expenditure		**15,344,124.39**		**15,219**		8,101
3. Net expenditure of the trading portfolio		–		–		–
4. General operating expenditure						
a) Staff expenditure						
aa) Wages and salaries	70,011,475.22			**67,777**		36,040
ab) Social security contributions and expenses for retirement pensions and other employee benefits of which: for retirement pensions €13,849,505.45 (01.01. – 31.12.2022 T€14,182; 01.07. – 31.12.2022 T€540)	23,725,245.17			**23,124**		4,940
	93,736,720.39			**90,901**		40,980
b) Other administrative expenses	99,758,526.79			**105,098**		43,180
of which: Expenditure for bank levy €16,350,155.91 (01.01. – 31.12.2022 T€25,459; 01.07. – 31.12.2022 T€0)						
		193,495,247.18		**195,999**		84,160
5. Amortisation/depreciation and valuation adjustments on intangible investment assets and tangible assets		**13,511,908.36**		**10,663**		5,756
6. Other operating expenditure		**6,779,955.43**		**15,960**		2,844
7. Depreciation and valuation adjustments on claims and specific securities as well as additions to provisions made for lending		**135,260,510.30**		**86,420**		25,011
8. Depreciation and valuation adjustments on investments, shares in affiliated companies and securities treated as fixed assets		**1,340,995.78**		–		–
9. Expenditure for loss assumptions		–		–		–
10. Contribution to the fund for general banking risks		**50,000,000.00**		**75,000**		25,000
11. Extraordinary expenditure		–		–		–
12. Taxes on income and earnings		**48,941,221.60**		**28,773**		28,731
13. Other taxes not shown under Item 6		**86,348.92**		**77**		–7
14. Profits transferred based on a profit pool, a profit transfer agreement or a partial profit transfer agreement		–		**30,000**		–
15. Net income for the year		**75,032,992.92**		**41,013**		41,013
Total expenditure		**1,151,699,807.49**		**640,359**		**342,216**

Expenditure	€	31.12.23 €	Pro forma figures 01.01. – 31.12.22 T€	 01.07. – 31.12.22 T€
1. Net income for the year		**75,032,992.92**	41,013	41,013
2. Profit/loss carryforward from the previous year		**106,634.51**	–	–
3. Withdrawals from the capital reserve		**–**	–	–
4. Withdrawals from retained earnings				
a) from the statutory reserve	–			
b) from the reserve for shares in companies with a controlling interest or majority holding	–			
c) from the Articles of Association reserves	–			
d) from other retained earnings	–			
		–	–	–
5. Transfers to retained earnings				
a) to the statutory reserve	–			
b) to the reserve for shares in companies with a controlling interest or majority holding	–			
c) to the Articles of Association reserves	–			
d) to other retained earnings	–			
		–	–	–
6. Balance sheet profit		**75,139,627.43**	41,013	41,013

Income				Pro forma figures			
			31.12.23		01.01. – 31.12.22		01.07. – 31.12.22
		€	€		T€		T€
1. Interest income from							
a) Lending and money market business	963,870,235.28			592,725		303,593	
less negative interest from lending and money market transactions	–	963,870,235.28		11,600	581,125	1,990	301,603
b) Fixed interest securities and book-entry securities		146,395,284.70			**15,984**		17,357
			1,110,265,519.98		**597,109**		318,960
2. Current income from							
a) Shares and other non-fixed interest securities		–			**–**		–
b) Interests		–			**145**		–
c) Shares in affiliated companies		–			**–**		–
			–		**145**		–
3. Income from profit pooling, profit transfer or partial profit transfer agreements			**–**		**–**		–
4. Commission income			**33,516,799.15**		**39,126**		20,577
5. Net earnings of the trading portfolio			**–**		**–**		–
6. Income from attributions to claims and specific securities and the dissolution of provisions made for lending			**–**		**–**		–
7. Income from attributions to interests, shares in affiliated enterprises and securities treated as fixed assets			**–**		**–**		–
8. Other operating income			**7,917,488.36**		**3,979**		2,679
9. Income from the dissolution of the fund for general banking risks			**–**		**–**		–
10. Net loss for the year			**–**		**–**		–
Total income			**1,151,699,807.49**		**640,359**		342,216

Statement of Changes in Equity and Cash Flow Statement

T€	Subscribed capital	Capital reserve	Profit reserves	Balance sheet profit	Total equity capital
As at 01.01.2023	**753,389**	**158,316**	**24,198**	**41,013**	**976,916**
Capital increases	–	–	–	–	–
Dividend payments	–	–	–	–40,906	–40,906
Net income/net loss for the year	–	–	–	75,033	75,033
Other changes – pursuant to Section 152 (3) No. 1 German Stock Corporation Act (AktG)	–	–	–	–	–
As at 31.12.2023	**753,389**	**158,316**	**24,198**	**75,140**	**1,011,043**

Cash Flow Statement in T€ (+ = Cash inflow, – = Cash outflow)		2023	2022
Net income for the year		**75,033**	**41,013**
Depreciations, valuation adjustments/attributions to claims and fixed asset items		161,325	36,844
Increase/decrease in provisions		3,299	33,947
Other non-cash expenditure/income		–	–
Profit/loss from the sale of fixed asset items		–	–
Profit and Loss Transfer Agreement		–	30.000
Other adjustments (on balance)		1,053	–4,443
Increase/decreases in			
Claims	against banking institutions	49,699	–51,094
	against customers	–1,368,185	–1,796,279
Securities (unless they are financial assets)		264,893	1,199,081
Other assets from current business operations		86,288	–172,160
Liabilities	to banking institutions	–2,209,534	–4,240,215
	to customers	1,290,797	679,737
Securitised liabilities		983,472	1,458,533
Other liabilities from current business operations		122,733	106,064
Interest expenditure/interest income		–498,359	–455,874
Expenditure/income from extraordinary items		–	–
Income tax expenditure/earnings		48,941	28,773
Interest payments and dividend payments received		957,377	580,917
Interest paid		–391,834	–43,608
Extraordinary in-payments		–	–
Extraordinary disbursements		–	–
Income tax payments		–61,099	–17,687
Cash flow from operating activities		**–484,099**	**–2,586,449**
In-payments from disposals of			
financial assets		–	–
tangible fixed assets		–	–
intangible assets		–	–
Disbursements for investments in			
financial assets		–539	–644
tangible fixed assets		–40,797	–16,231
intangible assets		–21,844	–18,662
Change of funds from other investment activity (balance)		–	–
In-payments from extraordinary items		–	–
Disbursements from extraordinary items		–	–
Cash flow from investment activities		**–63,180**	**–35,537**
In-payments from equity contributions by shareholders of the parent company		–	–
In-payments from equity contributions by other shareholders		–	–
Disbursement from reductions in equity to shareholders of the parent company		–	–
Disbursement from reductions in equity to other shareholders		–	–
In-payments from extraordinary items		–	–
Disbursements from extraordinary items		–	–
Dividends paid to shareholders of the parent company		–40,906	–
Dividends paid to other shareholders		–	–
Change of funds from other capital (balance)		600,000	75,000
Change of funds from transfer of profit		–	–80,009
Cash flow from financing activities		**559,094**	**–5,009**
Cash and cash equivalents at the end of the previous period		**26,722**	**2,653,716**
Cash flow from operating activities		–484,099	–2,586,449
Cash flow from investment activities		–63,180	–35,537
Cash flow from financing activities		559,094	–5,009
Exchange rate, consolidation group and valuation-related		–	–
Cash and cash equivalents at the end of the period		**38,537**	**26,722**

Cash Flow Statement
Berlin Hyp AG

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 fixed 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.

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 three strategic 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 acquisition of Berlin Hyp by LBBW, with effect from 1 July 2022, resulted in two short financial years in the 2022 calendar year. The period-specific year-on-year comparison figures (pro forma figures) relate in each case to the entire 2022 calendar year and result from the addition of the figures from the two short financial years (01.01.2022 to 30.06.2022 and 01.07.2022 to 31.12.2022). No required adjusted entries were made during the year, as any associated changes were by their nature of minor importance.

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 in the annual accounts as at 31 December 2023 as were applied in the annual accounts as at 31 December 2022 (short financial year 01.07.2022 to 31.12.2022).

Claims and Liabilities

Claims are shown at their nominal amount, taking into account risk provisioning, and liabilities are shown at their settlement amount, each taking into account accrued interest. The difference between amounts paid out and nominal amounts 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 for the most part released at consistent interest rates over the entire loan term as interest income or interest paid, respectively.

Existing cash reserves are shown at their nominal amount.

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 and reserves in the lending business. 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 of the German Commercial Code (HGB) reported in the balance sheet.

When identifying income and expenses related to risk provisioning in the lending business and the valuation and disposal result in the securities business, the right to choose full compensation is exercised (Section 340f (3) of the German Commercial Code (HGB) in connection with Section 340c (2) of the German Commercial Code (HGB)). Interest is not recognised for irrecoverable claims.

Valuation changes brought about by creditworthiness considerations are shown as valuation allowances on likely claim defaults. The amounts of the valuation allowances are calculated on the basis of the determined amount that is actually in danger of default in each case, taking into account collateral values calculated on the basis of expectations regarding the break-up or continuation of the business in question. With regard to the calculation of collateral values, a distinction is made between the going concern approach (restructuring) and the gone concern approach (initiation of compulsory liquidation). In the case of the going concern approach, the collateral value basically corresponds to the loan value of the financed property; in exceptional cases, the market value less an individual risk premium may be used with the approach, provided it is possible to present knowledge that is specific to the property in question and can influence its value. With the gone concern approach, the market value determined by the court is reduced by 30 % (old federal states, Berlin and abroad) or 50 % (new federal states). Interest claims on value-adjusted exposures are set as due and recognised in a corresponding manner. If no payment is received, the value of the interest claim is adjusted; in the case of irrecoverable interest, a non-accrual is usually entered. In line with the principle of prudence in accordance with the German Commercial Code (HGB), principal repayments are currently not taken into account until the follow-up rather than during the determination of the valuation allowance.

The valuation adjustment overhang that results from the principal repayments is written off on an annual basis.

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 impairments 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.

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 calculation is outsourced to the parent company – LBBW. 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.

When calculating the expected credit loss (ECL), LBBW uses a single-scenario approach in the standard process, whereby it employs statistical models that are fundamentally parametrised on the basis of through-the-cycle averages and therefore only reflect to a limited extent the effects of the current macroeconomic situation on the ECL parameters PD, LGD and EAD.

This approach is adequate without restriction in normal economic situations in which ECL parameters that are calculated on the basis of through-the-cycle averages and those that are adjusted in line with the latest economic developments do not statistically deviate from one another in a significant manner. However, in the current economic situation, in which numerous cyclical shocks and structural impediments are adversely affecting the creditworthiness of many companies, this methodology that is fundamentally based on through-the-cycle averages is not adequate. An adjustment of the ECL parameters PD and LGD in line with economic developments as part of a multi-scenario model is absolutely necessary here. In the case of commercial real estate financing, the adjustment of PD in line with economic developments is in this respect linked to scenario projections for the value of the property and the development of market rents that are made with the help of a rating simulation.

LGD has, historically speaking, proved to be less influenced by cyclical developments. At the same time, due to the increase in interest rates, the effects of the structural transformation and the incentives for shortening the workout period, a systematic LGD increase can be assumed, whereby this increase is not reflected in the loss data history and is thus not adequately quantified in the productive model parametrisation. For this reason, a sector-specific but scenario-independent premium is attached to the LGDs, and these premiums are to be classified as in-model adjustments.

As an interim solution, Berlin Hyp LGDs have been calculated by LBBW on the basis of an updated RSU LGD model since 30 November 2023. This changeover to the interim solution results in a decrease in the LGDs and thus a reduction of risk provisioning in the amount of approximately €4.4 million (as at the date of the impact analysis: 30.09.2023). Full synchronisation of the modelling is planned for the future, whereby the calibration level is to be kept constant as compared to the interim solution.

The rules contained in IFRS 9 stipulate that the analysis of a significant increase in the default risk (SICR) must in principle be conducted on the basis of a lifetime PD adjusted in line with economic developments. The productive transfer criterion, which at its core is linked to the regulatory through-the-cycle rating, is only adequate without restriction in normal economic situations in which PD adjusted in line with economic developments and PD calculated on the basis of through-the-cycle averages do not statistically deviate from one another in a significant manner. In the current exceptional situation, the reclassification to a different level is examined on the basis of a new transfer criterion, which in turn is based on the macro-adjusted lifetime point in time PD and thus meets the requirements of IFRS 9 and the ECB.

In addition to the structural and economic risks, there are currently a large number of potential risks that could result from a possible escalation of geopolitical conflicts, political instability in the USA and Europe, disruptive technology breakthroughs in generative artificial intelligence and the unforeseeable consequences of climate change. The events that are associated with these risks and which can trigger major economic upheavals have not yet manifested themselves and their probability of occurrence appears extremely low when viewed individually. Nevertheless, the probability that at least one of these very large number of events might occur is not negligible. In view of this situation, these risks, which at the moment are still abstract, should, because of their nature, at the very least be taken into account in IFRS 9 risk provisioning. Still, a model-based quantification of the associated expected credit loss is not possible. An assignment of these abstract risks to specific financial instruments or partial portfolios is also ruled out. This means that the requirements for a reclassification to a different level in accordance with IFRS 9 are not met. Still, there are parallels with the SICR criterion in IFRS 9 here in terms of content: the commercial real estate financing portfolio is exposed to significantly heightened default risks due to these risks that remain abstract for the moment. All transactions in this portfolio that remain at level 1 following the execution of the level reclassification in line with economic developments are provisioned with the lifetime ECL.

In order to reflect the latent counterparty default risks in the lending business in connection with the aforementioned risks in a manner which adequately reflects those risks, the model adjustment for valuated loans was, within the framework of the lump-sum value adjustments, increased by €47.9 million to €127.0 million. Conversely, as a result of the decrease in irrevocable loan commitments, the reserves for these were reduced by €4.0 million to €4.8 million. When assessing the loan portfolio, Berlin Hyp thus continues to take into account the intensification of the crisis and the resulting significant and longer-term market dysfunctionalities.

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.

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 in 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 of the German Commercial Code (HGB) and the investment portfolio, the amounts included in the “Debentures and other fixed-interest securities” item are evaluated according to the strict lower-of-cost-or-market principle (Section 253 of the German Commercial Code (HGB)). They are 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. Please refer to the information provided in the “Calculating Fair Values” section.

Investments and Shares in Affiliated Companies

Investments 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 Fixed Assets and Intangible Assets

Tangible fixed assets 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.

The buildings as well as operating and business equipment are depreciated using the following depreciation periods:

Buildings	60 years
IT equipment	3 – 5 years
Other operating and business equipment	5 – 13 years

The periods of amortisation for the software and licences listed under “Intangible investment assets” range between three and five years. Payments in advance are recognised at their nominal amounts.

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

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 are 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. 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. Items with a remaining term of over one year are discounted in accordance with Section 253 (2) of the German Commercial Code (HGB).

Pension reserves are assessed based on actuarial principles employing a discount rate of 1.83 % (previous year: 1.79 %) 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 the corresponding average market interest rates for the past seven financial years (discount rate of 1.76 per cent (previous year: 1.45 per cent)) amounts to €3.3 million (previous year: €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 2.15 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. An actuarial interest rate of 1.82 per cent (previous year: 1.78 per cent) is calculated for this pension plan. The actuarial interest rate refers to the interest rate determined by the Deutsche Bundesbank as at 31 December 2023, which results as a ten-year average interest rate from an assumed residual term of 15 years (Section 253 (2)(2) of the German Commercial Code (HGB)). It is calculated with a salary and pension trend of 2.00 per cent per annum. The difference to be taken into account in accordance with Section 253 (6)(1) HGB amounts to T€ 0 (previous year: T€0). The amounts subject to the payout block codified in Section 268 (8) HGB do not arise here.

In accordance with Section 253 (1)(4) of the German Commercial Code (HGB), the plan assets are assessed at fair value and amounted to €2.6 million (€2.0 million) as at 31 December 2023 at an amortised cost of €2.6 million (€2.0 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)(2) of the German Commercial Code (HGB) amounted to T€ 100 (previous year: T€34) as at 31 December 2023.

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 expenses from the compounding of reserves from the non-lending business are included in the “Other operating result” item.

Derivatives

The reporting of derivative financial instruments occurs in off-balance-sheet accounts. There are no trading positions. Derivative contracts are concluded with both banking institutions and the Bank’s borrowers (customer derivatives) as 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 item “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 using evaluation models based on a tenor-specific swap yield curve, taking into account counterparty risks. Here, the value of a plain vanilla swap is calculated using the discounted cash flow method, while callable swaps and zero-coupon swaps are valued with the Hull-White model and caps/floors are appraised in accordance with the Bachelier/Black model.

Embedded derivatives that are part of structured financial instruments are recognised separately in accordance with the IDW RS HFA 22 accounting standards if the embedded derivative has substantially increased or it shows additional (other) risks or opportunities compared to the underlying instrument.

Accounting Units
As accounting units for hedging interest change risks pursuant to Section 254 of the 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 €3.7 billion (previous year: €3.2 billion) as at 31 December 2023. Accounting units are only formed at the micro level, meaning that changes in values from the hedged risk of the underlying transaction are offset by individual hedging instruments, whereby the hedging relationships in question 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 €–104.2 million as at the reporting date (previous year: €–272.8 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 are recognised in accordance with the general provisions contained in Section 252 (HGB). Please also see 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, provided that the respective underlying and hedging transactions are part of accounting units.

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 n. V. 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 values are compared with the carrying amounts, taking into account the risk, inventory management and fictitious refinancing costs. Operating expenditure comprises all staff and material expenses directly attributable to interest management expenditure, as well as allocated indirect operating expenditure and the allocation of overhead costs. There is no need to create a provision for contingent losses in accordance with Section 340a of the German Commercial Code (HGB) in connection with Section 249 (1)(1)(2) 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.

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.

Currency Translation

The valuation of assets, debts and off-balance-sheet transactions in foreign currencies is undertaken on the basis of Section 256a of the German Commercial Code (HGB) in connection with Section 340h of the German Commercial Code (HGB). The translation is carried out at the ECB reference prices provided by Berliner Sparkasse, Berlin, on a daily basis. Currency swaps used to hedge interest-bearing balance sheet items denominated in foreign currencies are translated 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 translation are reported net within the framework of special coverage either in the item “Other operating income” or “Other operating expenditures”. The peculiarities from foreign currency valuation in accordance with commercial law (IDW RS BFA 4) are taken into account.

Negative Interest

Negative interest on financial assets and/or financial liabilities are deducted in the profit and loss account from the relevant interest income or interest paid, respectively.

Contingent Liabilities and Other Obligations

Contingent liabilities from guarantees and warranty contracts as well as other obligations are recorded in the balance sheet at their nominal amount minus provisions made for lending.

Tax Liabilities

The temporary differences between the valuations of assets, liabilities and prepaid expenses or deferred income in the commercial and the tax balance sheet lead to latent tax burden and tax relief effects that were calculated on the basis of a corporate tax rate (including the “solidarity surcharge”) of 15.83 per cent and a trade tax rate of 14.35 per cent. Notable temporary differences in amounts relate to the following balance sheet items in particular:

- Claims against customers
- Debentures and other fixed-interest securities
- Property, plant and equipment, investments in other companies
- Prepaid expenses and deferred income
- Reserves

Furthermore, deferred tax assets on loss carryforwards whose usability, taking into account minimum taxation, appeared sufficiently likely for the coming five years, are calculated for corporate tax purposes. The assessment here made use of current medium-term planning with consideration of tax discrepancies. With regard to the net asset (lending) position that results from the overall examination of deferred tax assets and deferred tax liabilities, a capitalisation option exists, while in the case of a net liability (deposits) position a recognition obligation exists. In accordance with the right to choose under Section 274 (1)(2) of the German Commercial Code (HGB), Berlin Hyp forgoes the recognition of deferred tax assets.

Explanations of the Profit and Loss Account and the Balance Sheet

Condensed Profit and Loss Account

Net Interest Income in T€	2023	2022[1]
Interest income from		
Mortgage loans	866,352	468,678
Public-sector loans	17,576	17,580
Other receivables	79,841	14,652
less negative interest	*–*	*–11,600*
Money market transactions	102	–245
Fixed-income securities and book-entry securities	146,395	15,984
Derivative transactions	–	92.060
	1,110,266	**597,109**
Interest expenditure for		
Deposits and registered Pfandbriefe	334,082	109,285
less positive interest	*–1*	*–75,539*
Securitised liabilities	247,035	98,891
Subordinated liabilities	12,001	8,599
Derivative transactions	18,790	–
	611,907	**141,235**
Income from investments in other companies	–	145
Net Interest Income	**498,359**	**456,019**

[1] Sum of the items from Short Financial Year I and Short Financial Year II

Compared to the previous year, net interest income increased by €42.4 million to €498.4 million.

Along with an increase to the average mortgage loan portfolios of €2.1 billion, the higher interest rate level also led to an increase in interest income from mortgage loans to €866.4 million (previous year: €468.7 million). A positive earnings effect in the amount of €45.2 million (previous year: €35.6 million) resulted from the closing of the swap options that are no longer required to hedge termination rights in accordance with the German Civil Code (BGB), as well as from the closing of additional derivative items. This amount is included in interest expenditure (previous year: interest income) from derivative transactions.

The increase in interest income from fixed-interest and variable interest securities and book-entry securities compared to the previous year can be attributed in particular to higher interest rates.

The high level of the portfolio of liabilities and the higher interest rate level led to an increase in interest expenditure for deposits and registered Pfandbriefe to €334.1 million (previous year: €109.3 million) and an increase in interest expenditure for securitised liabilities to €247.0 million (previous year: €98.9 million).

In accordance with the IDW provisions, negative interest is openly deducted from interest paid or interest income, respectively, in an additional preliminary column.

Net Commission Income in T€	2023	2022[1]
Commission Income		
Lending	31,610	37,200
Sureties	1,879	1,770
Other	28	155
	33,517	**39,125**
Commission expenditure		
Sureties	8,710	8,254
Credit brokerage	5,576	5,570
Securities business	1,019	1,353
Other	39	42
	15,344	15,219
Net Commission Income	**18,173**	**23,906**

[1] Sum of the items from Short Financial Year I and Short Financial Year II

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

Other Administrative Expenses in T€	2023	2022[1]
Services by third parties	36,269	32,336
IT expenditure	30,712	31,072
Bank levy	16,350	25,459
Staff-related material costs	5,458	4,572
Building and premises costs	5,132	4,988
Advertising and marketing	2,681	2,602
Business operation costs	1,939	2,750
Operating and business equipment	953	957
Group payment set-off	264	361
	99,758	**105,098**

[1] Sum of the items from Short Financial Year I and Short Financial Year II

Auditor's Fees

Deloitte GmbH Wirtschaftsprüfungsgesellschaft audited the annual accounts of Berlin Hyp for the 2023 financial year and also performed the audit review of the interim financial statements for the period 01.01.2023 to 30.06.2023. The audit of the IFRS reporting packages needed for the consolidated annual accounts of Landesbank Baden-Württemberg was integrated into the audit in each case. Furthermore, other certification services were performed in connection with an audit in accordance with Section 16j of the FinDAG (Federal Financial Supervisory Authority Act), 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, a submission of credit claims (KEV/MACCs), an audit of the reporting of figures within the framework of risk monitoring activities in accordance with IDW PS 490, an audit in accordance with Section 84 of the framework statutes for the Institutional Protection Scheme of the Sparkassen-Finanzgruppe, and the issue of a comfort letter in accordance with IDW PS 910.

In addition, advisory services were provided within the framework of a workshop that addressed the topic of purchasing.

With regard to disclosures pursuant to Section 285 No. 17 of the German Commercial Code (HGB), we refer to the consolidated annual accounts of LBBW and Berlin Hyp's incorporation into the same.

Other Operating Result

The other operating result comprises the "Other operating expenditure" and "Other operating income" items. Other operating income mainly resulted from compensation for damages in connection with the liquidation of the minority interest in BrickVest Ltd. in the amount of €5.6 million and the reversal of other provisions in the amount of €1.5 million (previous year: €3.5 million). Other operating expenditure mainly consists of expenditure from additions to strategic resource planning in the amount of €1.5 million (previous year: €3.2 million) and demolition costs in connection with B-One in the amount of €0.8 million (previous year: €0.6 million). The compounding of provisioning reserves results in effects on the result totalling €4.2 million (previous year: €4.1 million), of which €0.0 million (previous year: €0.3 million) are income and €4.2 million (previous year: €4.4 million) are expenditure.

Depreciation and Valuation Adjustments on Claims and Specific Securities and 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€	2023	2022
Risk provisioning for the lending business	152,134	–13,207
Valuation and disposal result in the securities business	–16,873	99,627
	135,261	**86,420**

Earnings with negative signs

Risk provisioning for the lending business developed as follows:

in T€		Counterparty risk exposure						Profit and loss relevant	
	Direct write-down	EWB	PWB and other adjustments RP	Valuations	RST	Total	Total		
	01.01. – 31.12.23	01.01. – 31.12.23	01.01. – 31.12.23	01.01. – 31.12.23	01.01. – 31.12.23	01.01. – 31.12.23	01.01. – 31.12.22	01.01. – 31.12.23	01.01. – 31.12.22
As at 1 January		33,334	254,961	2,335	12,555	303,185	316,917		
Net allocations and write-backs		129,625	31,033	–2,303	–5,146	153,209	–13,732	153,209	–13,732
Utilisation		–13,338			–	–13,338	–		
Direct write-downs and exchange rate losses	–							–	2,500
Receipts on written-off receivables and capital gains	–1,076							–1,076	–1,974
Foreign currency effects		–	–	–	–	–	–		
As at 31 December	**–1,076**	**149,621**	**285,994**	**32**	**7,408**	**443,057**	**303,185**	**152,134**	**–13,207**

Earnings with negative signs

In order to reflect the latent counterparty default risks in connection with the economic and structural risks in a manner which adequately reflects those risks, model adjustments in the form of lump-sum value adjustments in the amount of €127.0 million (previous year: €79.1 million) were made for valuated loans; in the case of irrevocable lending commitments, such adjustments were made in the form of reserves in the amount of €4.8 million (previous year: €8.8 million).

Other Information

Net income includes a balance of aperiodic income and expenses of €2.9 million (previous year: €5.5 million), which primarily includes income from the reversal of reserves of €1.8 million (previous year: €3.5 million) as well as receipts on receivables written off in the previous year of €1.1 million (previous year €2.0 million).

Balance Sheet

Negotiable Securities and Interests in T€	Listed 31.12.23	Listed 31.12.22	Non-Listed 31.12.23	Non-Listed 31.12.22
Debentures and other fixed-interest securities	5,322,632	5,553,991	–	–

As of the balance sheet date, the Bank does not hold any securities that are evaluated as fixed assets, as was the case in the previous year. The securities portfolio as at 31 December 2023 is fully assigned to the liquidity reserve.

Security for the Bank's Own Liabilities

Within the European System of Central Banks (ESCB), securities with a nominal value of €524.4 million (previous year: €2,091.7 million) and loans in the amount of €1,008.8 million (previous year: €1,877.2 million) are pledged as security to the Deutsche Bundesbank. The volume of related open market transactions at the balance sheet date was €0.0 million (previous year: €2,454.7 million). At the balance sheet date, the Bank repaid debentures with a total book value of €2,057.2 million (previous year: €1,671.2 million).

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

Company	Share of capital Total %	Voting rights %	Equity	Result	Financial statements deviating from 31 December 2023
Affiliated enterprises					
Berlin Hyp Immobilien GmbH, Berlin	100	100	T€ 103	T€ −20	31.12.2022
Participations					
OnSite ImmoAgent GmbH, Berlin	49.00	49.00	T€ 605	T€ −251	31.12.2022
PropTech 1 Fund I GmbH & Co. KG, Berlin	6.97	6.97	T€ 30,337	T€ −3,009	31.12.2022
21st Real Estate GmbH, Berlin*	24.52	24.52	T€ 775	T€ −1,871	31.12.2021

* Berlin Hyp AG's shares in 21st Real Estate GmbH were sold with effect from 02.01.2024.

Intangible Investment Assets

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

Statement of Changes in Assets
in T€

	Acquisition/ manufacturing costs 01.01.2023	Additions	Disposals	Transfers	Acquisition/ manufacturing costs 31.12.2023	Cum. depreciations 01.01.2023	Attributions	Depreciations	Disposals	Transfers	Cum. depreciations 31.12.2023	Book value 31.12.2023	Book value 31.12.2022
Intangible Investment Assets													
b) Concessions and licenses acquired commercially	93,741	7,265	11,309	5,157	94,854	62,810	–	11,002	11,303	–	62,509	32,345	30,931
d) Down-payments made	22,812	14,579	–	–5,157	32,234	–	–	–	–	–	–	32,234	22,812
Total intangible investment assets	**116,553**	**21,844**	**11,309**	**–**	**127,088**	**62,810**	**–**	**11,002**	**11,303**	**–**	**62,509**	**64,579**	**53,743**
Tangible fixed assets													
a) Sites and buildings for own use	57,988	31,700	–	–	89,688	5,531	–	336	–	–	5,867	83,821	52,457
b) Operating and business equipment and installations under construction	19,419	9,097	277	–	28,239	9,721	–	2,174	272	–	11,623	16,616	9,698
Total tangible fixed assets	**77,407**	**40,797**	**277**	**–**	**117,927**	**15,252**	**–**	**2,510**	**272**	**–**	**17,490**	**100,437**	**62,155**
Total intangible assets and tangible fixed assets	**193,960**	**62,641**	**11,586**	**–**	**245,015**	**78,062**	**–**	**13,512**	**11,575**	**–**	**79,999**	**165,016**	**115,898**

	Book value	Changes*	Book value	
	01.01.23		31.12.23	31.12.22
Participations	4,764	–802	3,962	4,764
Shares in affiliated enterprises	26	–	26	26

* Summary pursuant to Section 34 (3) RechKredV

Other Assets

These figures largely contain claims from collateral in relation to derivatives amounting to €195.3 million (€344.6 million), unrealised gains from forward exchange deals with extra cover amounting to €104.6 million (€48.8 million) and tax receivables of €12.5 million (€0.1 million). This item also includes cash collateral of €4.7 million (€0.0 million) in connection with the bank levy.

Other Liabilities

The item includes, amongst other things, liabilities from collateral received in relation to derivatives amounting to €498.8 million (previous year: €365.5 million), unrealised losses of €4.0 million (previous year: €12.7 million) from forward exchange deals with extra cover and trade payables amounting to €5.2 million (previous year: €1.3 million).

Other provisions comprise

in T€	31.12.2023	31.12.2022
Provisions for human resources	38,122	33,751
Provisions for strategic resource planning	20,095	25,089
Provisions for lending business	7,408	12,555
Provisions for property acquisition taxes	7,500	7,500
Provisions for advisory services and appraisals	3,249	3,806
Other	4,041	5,444
Total	**80,415**	**88,145**

Subordinated Liabilities

Interest is paid on subordinate liabilities at the nominal rate of between 2.55 per cent to 4.29 per cent 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. The repayments are to occur in the years 2024 to 2034. Based on a stock of €777.5 million (previous year: €227.5 million), €118.4 million (previous year: €141.1 million) fulfil the requirements of the CRR for recognition as applicable equity capital.

In the financial year 2023, interest paid amounted to €12.0 million (previous year: €8.6 million).

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

Nominal amount T€	Interest rate p. a. %	Repayment on
550,000	4.285	09.11.2028
99,500	4.120	04.03.2024

Equity

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

The Board of Management, with the Supervisory Board's consent, is authorised to increase the company's subscribed capital by issuing new non-par 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.

Proposal for Appropriation of Net Earnings

The profit and loss account for the financial year in 2023 shows a balance sheet profit of € 75,139,627.43. The Board of Management and the Supervisory Board will propose to the Annual General Meeting that a total amount of € 75,044,631.36 be used to pay a dividend of 25.5 cents per share, with the remaining balance sheet profit of € 94,996.07 to be carried forward to new account.

Classification by Remaining Maturity in T€	31.12.2023	31.12.2022
Assets		
Claims against banking institutions		
a) Due on demand	1,585	101,270
b) Less than three months	283,862	109,916
c) Between three months and one year	–	–
d) Between one year and five years	–	–
e) More than five years	–	–
Total	**285,447**	**211,186**
Claims against customers		
a) Less than three months	629,295	755,531
b) Between three months and one year	4,248,862	2,694,335
c) Between one year and five years	13,258,450	11,343,678
d) More than five years	11,082,337	13,209,343
Total	**29,218,944**	**28,002,887**
of which: Claims with an indefinite term	–	–
Bonds and debentures		
- due in the following year	1,126,830	970,866
Liabilities		
Liabilities to banking institutions		
a) Due on demand	14,493	34
b) Less than three months	2,190,254	1,753,278
c) Between three months and one year	25,401	2,620,090
d) Between one year and five years	296,400	194,839
e) More than five years	184,840	271,193
Total	**2,711,388**	**4,839,434**
of which non-preferred senior liabilities*	78,324	103,730
Liabilities to customers		
a) Due on demand	262,817	279,749
b) Less than three months	1,538,615	515,894
c) Between three months and one year	1,122,555	913,500
d) Between one year and five years	460,355	574,875
e) More than five years	2,647,066	2,392,604
Total	**6,031,408**	**4,676,622**
of which non-preferred senior liabilities*	1,196,028	1,201,557
Securitised liabilities		
a) Less than three months	1,182,291	1,114,357
b) Between three months and one year	1,499,146	2,544,314
c) Between one year and five years	12,577,337	10,138,662
d) More than five years	7,882,972	8,289,846
Total	**23,141,746**	**22,087,179**
of which non-preferred senior liabilities*	2,068,092	2,594,087
due in the following year	2,681,437	3,658,671

* debt securities within the meaning of Section 46 f (6)(1) of the German Banking Act (KWG) as amended on 10 July 2018.

Claims from and Liabilities to Affiliated Enterprises and Related Companies
in T€

	2023		2022	
	Affiliated enterprises	Companies with which a shareholding relationship exists	Affiliated enterprises	Companies with which a shareholding relationship exists
Claims against banking institutions	107	–	3	–
Claims against customers	83,970	–	86,695	–
Debentures and other fixed interest securities	27,407	–	27,499	–
Other assets	47,308	–	113,361	–
Liabilities to banking institutions	1,847,325	–	1,635,866	–
Liabilities to customers	4,790	–	12,810	–
Securitised liabilities	204,347	–	–	–
Other liabilities	–	–	–	–
Subordinated liabilities	553,413	–	–	–

Deferred Income
in T€

	2023	2022
Deferred income from issuing and lending operations includes:		
Discount from issuing and lending operations	54,509	49,725
Premium from issuing and lending operations	2,107	3,345
Other	46,191	42,433
	102,807	**95,503**
Prepaid expenses for issuing and lending operations includes:		
Premium from issuing and lending operations	33,388	42,498
Discount from lending operations	15,434	4,268
Other	83,409	91,223
	132,231	**137,988**

Deferred income recognised under “Other” includes accrued up-front payments from swaps and premium payments from caps, floors and collars in the amount of €36.3 million (previous year: €25.0 million). Analogously, prepaid expenses recognised under “Other” include in particular accrued up-front payments from swaps and premium payments from caps, floors and collars in the amount of €41.5 million (previous year: €34.2 million).

Foreign Currency Volumes
in T€

	2023	2022
Assets	86,224	111,700
Liabilities	1,377,325	1,136,987
Irrevocable loan commitments	–	–

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

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

Taking into account the deducted reserves, irrevocable lending commitments as part of real estate and capital market business amount to €2,042.2 million (previous year: €3,331.2 million) as at the balance sheet date. Contingent liabilities consist of the assumption of guarantees for largely mortgage-backed loans of €283.4 million (previous year: €321.1 million). Identifiable risks have already been taken into account through reserves. In light of the credit ratings and the collateralisation, no acute default risks in the irrevocable loan commitments and contingent liabilities can be identified.

In connection with Berlin Hyp's investments, payment obligations result for PropTech 1 Fund I GmbH & Co. KG in the amount of T€ 630 (previous year: T€875) and for OnSite ImmoAgent GmbH in the amount of T€ 98 (T€0)).

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.

In connection with the European bank levy, Berlin Hyp entered into irrevocable payment obligations in the amount of €4.7 million in the 2023 financial year (cumulative figure since 2023: €4.7 million). These are included in the "Other financial obligations" item. Receivables in connection with paid cash collateral were capitalised in the same amount. With regard to the European General Court (EGC) ruling in connection with the bank levy, reference is made to our statements in the Management Report (Risk Report/Legal Risks).

Berlin Hyp is an affiliated member of the security reserve of the Landesbanken 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 31.12.2023

Derivatives €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	7,427	33,467	22,450	63,344	–1,971	2,128	–38	P6	9	A15
of which in valuation units	*421*	*2,469*	*788*	*3,678*	*–36*	*132*	–		–	
FRA sales	–	–	–	–	–	–	–		–	
Swaptions	–	–	–	–	–	–	–	P5	–	A14
Securities future	–	–	–	–	–	–	–		–	
Caps	1,103	3,798	933	5,834	–130	39	–39	P6	36	A15
Floors	14	486	–	500	–	–	–1	P6	–	A15
Collar caps	–	46	–	46	–1	–	–1		–	
Collar floors	–	46	–	46	–	–	–		–	
Other transactions	–	–	500	500	–	–	–		–	
	8,544	**37,843**	**23,883**	**70,270**	**–2,102**	**2,167**	**–79**		**45**	
Currency-related transactions										
Forward exchange dealings	236	–	–	236	–5	2	–5	P5	2	A14
Interest and currency swaps	82	788	351	1,221	–6	76	–	P5	104	A14
	318	**788**	**351**	**1,457**	**–11**	**78**	**–5**		**106**	
Total	**8,862**	**38,631**	**24,234**	**71,727**	**–2,113**	**2,245**	**–84**		**151**	

Derivatives as at 31.12.2022

Derivates €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*	–		–	
FRA sales	–	–	–	–	–	–	–		–	
Swaptions	–	–	240	240	–	15	–	P5	4	A14
Securities future	–	–	–	–	–	–	–		–	
Caps	227	4,212	402	4,841	–216	56	–31	P6	25	A15
Floors	2,797	438	–	3,235	–	–	–2	P6	–	A15
Collar caps	–	46	–	46	–3	–	–1		–	
Collar floors	–	46	–	46	–	–	–		–	
Other transactions	–	–	500	500	–	–	–		–	
	14,574	**34,586**	**23,197**	**72,357**	**–3,148**	**3,205**	**–85**		**45**	
Currency-related transactions										
Forward exchange dealings	289	–	–	289	–12	3	–13	P5	3	A14
Interest and currency swaps	–	386	513	899	–35	6	–1	P5	47	A14
	289	**386**	**513**	**1,188**	**–47**	**9**	**–14**		**50**	
Total	**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 underlying transactions. The market values of the derivative financial instruments are shown on the basis of the interest rate applicable on 31 December 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.

Number of Staff

Annual average	Male	Female	2023 Total	2022 Total
Full-time employees	295	207	502	477
Part-time employees	37	85	122	128
School-leaver trainees / BA students	2	2	4	4
Total	**334**	**294**	**628**	**609**

Group Affiliation

Berlin Hyp is 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.

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

In a letter dated 4 July 2022, Landesbank Baden-Württemberg, Stuttgart, announced that it directly holds all shares in Berlin Hyp AG – following the transfer of the shares in Berlin Hyp AG from Landesbank Berlin Holding AG to Landesbank Baden-Württemberg as at 1 July 2022. Therefore, its share in the voting rights relating to the subscribed capital amounted to 100.00 per cent.

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
Maria Teresa Dreo-Tempsch,
Chief Market Officer
Alexander Stuwe,
Chief Financial Officer

Supervisory Board

Thorsten Schönenberger (Chair)
→ Member of the Board of Management of Landesbank Baden-Württemberg, Real Estate and Project Financing

Andrea Schlenzig (Deputy Chair)
→ Bank employee
→ Employee representative

Anastasios Agathagelidis
→ Member of the Board of Management of Landesbank Baden-Württemberg, Risk Management and Risk Controlling

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

Stefanie Münz
→ Member of the Board of Management of Landesbank Baden-Württemberg, Finance, Strategy and Operations

Jana Pabst
→ Bank employee
→ Employee representative
→ Member of the Works Council of Berlin Hyp AG

Dr. Christian Ricken
→ Member of the Board of Management of Landesbank Baden-Württemberg, Capital Market Activities, Asset Management, International Business, Treasury, LBBW Research

Thomas Weiß
→ Division Head Financial Controlling of Landesbank Baden-Württemberg

Loans to Members of the Bodies

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

Remuneration of the Members of the Bodies

Remuneration of the Board of Management

Disclosures on total remuneration in T€	2023	2022
Board of Management	2,964	2,563
of which expended or deferred in the financial year for pension liabilities	785	657
Former members of the Board of Management and their surviving dependants	3,039	3,102
Cash value of pension liabilities for former members of the Board of Management and their surviving dependants	**47,226**	**44,627**
of which is reserved	47,226	44,627

Remuneration of the Supervisory Board

The remuneration payable to the members of the Supervisory Board for the 2023 financial year, including committee activity, amounts to T€ 83 (T€198)). The total remuneration does not contain the remuneration for former members of the Supervisory Board (previous year: T€1), as no resignations occurred in the 2023 financial year.

Mandates of the Board of Management Members

Maria Teresa Dreo-Tempsch

→ Member of the Supervisory Board of Hamborner Reit AG

No employees had mandates in statutory supervisory boards of large corporations (with the exception of employees' representatives in Berlin Hyp's Supervisory Board) in the financial year 2023.

Statement of Cover Assets in €m	2023	2022
A. Mortgage Pfandbriefe		
Ordinary cover		
1. Claims against banking institutions		
Mortgage loans	–	–
2. Claims against customers		
Mortgage loans	17,477.8	16,039.6
3. Tangible fixed assets (land charges on Bank-owned real estate)	–	–
Total	17,477.8	16,039.6
Additional cover		
1. Other claims against banking institutions	50.0	738.0
2. Debentures and other fixed-interest securities	990.0	410.0
Total	1,040.0	1,148.0
Total cover	18,517.8	17,187.6
Total mortgage Pfandbriefe requiring cover	17,620.6	16,045.7
Excess cover	**897.3**	**1,141.9**
B. Public Pfandbriefe		
Ordinary cover		
1. Claims against banking institutions		
a) Mortgage loans	–	–
b) Public-sector loans	–	–
2. Claims against customers		
a) Mortgage loans	7.4	8.1
b) Public-sector loans	150.4	200.4
3. Debentures and other fixed-interest securities	–	–
Total	157.8	208.4
Additional cover		
1. Other claims against banking institutions	–	–
2. Debentures and other fixed-interest securities	15.5	24.0
Total	15.5	24.0
Total cover	173.3	232.4
Total public Pfandbriefe requiring cover	141.0	200.0
Excess cover	**32.3**	**32.4**

Publication in accordance with Section 28 German Pfandbrief Act (PfandBG)

Section 28 (1)(1) Nos. 1 and 3 of the German Pfandbrief Act (PfandBG)
Q4 2023

Amounts in €m

	Nominal value		Present value		Risk-adjusted present value*	
Total amount of outstanding	Q4 2023	Q4 2022	Q4 2023	Q4 2022	Q4 2023	Q4 2022
Mortgage Pfandbriefe	17,620.6	16,045.7	17,102.6	14,672.4	18,301.2	16,220.1
of which derivatives	–	–	–	–	–	–
Cover pool	18,517.8	17,187.6	18,473.4	16,511.3	19,268.5	17,646.8
of which derivatives	–	–	–	–	–	–
Excess cover	**897.3**	**1,141.9**	**1,370.8**	**1,838.9**	**967.3**	**1,426.7**
Excess cover as % of outstanding Pfandbriefe	5.1	7.1	8.0	12.5	5.3	8.8
Statutory excess cover[1]	691.8	620.8	342.1	293.5		
Contractual excess cover[2]	–	–	–	–		
Voluntary excess cover[3]	205.5	521.1	1,028.8	1,545.4		
Excess cover under consideration of the vdp credit quality differentiation model	**897.3**	**1,141.9**	**1,370.8**	**1,838.9**		
Excess cover as % of outstanding Pfandbriefe	5.1	7.1	8.0	12.5		

	Nominal value		Present value		Risk-adjusted present value*	
Total amount of outstanding	Q4 2023	Q4 2022	Q4 2023	Q4 2022	Q4 2023	Q4 2022
Public Pfandbriefe	141.0	200.0	151.4	216.7	147.1	198.5
of which derivatives	–	–	–	–	–	–
Cover pool	173.3	232.4	197.3	247.0	174.7	212.8
of which derivatives	–	–	–	–	–	–
Excess cover	**32.3**	**32.4**	**45.9**	**30.2**	**27.6**	**14.3**
Excess cover as % of outstanding Pfandbriefe	22.9	16.2	30.3	14.0	18.8	7.2
Statutory excess cover[1]	5.9	8.6	3.0	4.3		
Contractual excess cover[2]	–	–	–	–		
Voluntary excess cover[3]	26.4	23.8	42.8	25.9		
Excess cover under consideration of the vdp credit quality differentiation model	**32.3**	**32.4**	**45.9**	**30.2**		
Excess cover as % of outstanding Pfandbriefe	22.9	16.2	30.3	14.0		

* For the calculation of the stress scenarios, the static amount reported is taken for currencies and the dynamic amount reported is taken for interest pursuant to Section 5 of the Net Present Value Regulation (PfandBarwertV).

[1] In accordance with
Nominal value: Sum of the nominal value of excess cover in accordance with Section 4 (2) PfandBG and the nominal value of the present value securing excess cover in accordance with Section 4 (1) PfandBG
Present value: Present value securing excess cover in accordance with Section 4 (1) PfandBG
[2] Contractually assured excess cover
[3] Residual, depending on statutory and contractual excess cover; present value includes the cash value of nominal securing excess cover in accordance with Section 4 (2) PfandBG
Note: Excess cover under consideration of the vdp credit quality differentiation model is optional

Publication in accordance with Section 28 (1)(1) Nos. 4 and 5 of the German Pfandbrief Act (PfandBG) Maturity Structure of Outstanding Pfandbriefe and the Cover Pool Used for Them Q4 2023

	Q4 2023		Q4 2022		Q4 2023 FäV (12 months)*	Q4 2022 FäV (12 months)*
Mortgage Pfandbriefe Residual term:	Outstanding Pfandbriefe €m	Cover pool €m	Outstanding Pfandbriefe €m	Cover pool €m	Outstanding Pfandbriefe €m	Outstanding Pfandbriefe €m
Up to 0.5 years	1,082.5	1,046.8	1,370.8	1,034.5	–	–
Between 0.5 years and 1 year	416.0	1,303.2	568.0	1,029.9	–	–
Between 1 year and 1.5 years	573.0	794.3	1,082.0	928.8	1,082.5	1,370.8
Between 1.5 years and 2 years	1,932.0	1,765.4	166.0	1,261.9	416.0	568.0
Between 2 years and 3 years	1,993.5	2,280.4	2,455.0	2,178.3	2,505.0	1,248.0
Between 3 years and 4 years	1,962.0	2,664.9	1,473.1	2,328.3	1,993.5	2,455.0
Between 4 years and 5 years	2,357.0	2,527.3	1,987.0	2,004.6	1,962.0	1,473.1
Between 5 years and 10 years	6,418.5	5,722.5	5,535.5	5,975.7	7,520.5	6,694.0
Longer than 10 years	886.1	412.9	1,408.3	445.6	2,141.1	2,236.8

Public Pfandbriefe Residual term:	Outstanding Pfandbriefe €m	Cover pool €m	Outstanding Pfandbriefe €m	Cover pool €m	Outstanding Pfandbriefe €m	Outstanding Pfandbriefe €m
Up to 0.5 years	10.0	10.5	9.0	0.4	–	–
Between 0.5 years and 1 year	–	0.4	–	0.3	–	–
Between 1 year and 1.5 years	–	8.8	10.0	10.4	10.0	9.0
Between 1.5 years and 2 years	35.0	0.2	–	0.4	–	–
Between 2 years and 3 years	–	2.3	35.0	14.5	35.0	10.0
Between 3 years and 4 years	96.0	0.5	–	5.3	–	35.0
Between 4 years and 5 years	–	0.1	96.0	50.5	96.0	–
Between 5 years and 10 years	–	0.5	–	0.6	–	96.0
Longer than 10 years	–	150.0	50.0	150.1	–	50.0

* Effects of a maturity extension on the maturity structure of Pfandbriefe/extension scenario: 12 months. This is an extremely unlikely scenario that could only materialise after a cover pool administrator has been appointed.

Information on extending the maturity of Pfandbriefe

	Q4 2023	Q4 2022
Requirements for extending the maturity of Pfandbriefe	The extension of maturity is required in order to avoid the insolvency of the Pfandbrief bank with limited business activities (prevention of insolvency); the Pfandbrief bank with limited business activities is not over-indebted (no existing over-indebtedness) and there is reason to believe that the Pfandbrief bank with limited business activities will, at least after the longest possible extension period and with consideration of further extension possibilities, be able to pay the liabilities that will then be due (positive fulfillment forecast). See also Section 30 (2b) PfandBG.	The extension of maturity is required in order to avoid the insolvency of the Pfandbrief bank with limited business activities (prevention of insolvency); the Pfandbrief bank with limited business activities is not over-indebted (no existing over-indebtedness) and there is reason to believe that the Pfandbrief bank with limited business activities will, at least after the longest possible extension period and with consideration of further extension possibilities, be able to pay the liabilities that will then be due (positive fulfillment forecast). See also Section 30 (2b) PfandBG.
Powers of the cover pool administrator when Pfandbriefe maturity is extended	The cover pool administrator can extend the due date of principle repayments if the relevant conditions pursuant to Section 30 (2b) PfandBG for this have been met. The duration of the extension, which may not exceed 12 months, is set by the cover pool administrator in line with the given requirements. The cover pool administrator can extend the due date of principle repayments and interest payments that are due within one month after the appointment of the cover pool administrator up until the end of this one-month period. If the cover pool administrator decides to implement such an extension, the existence of the conditions pursuant to Section 30 (2b) PfandBG are irrefutably assumed. The maximum extension period of 12 months is to be taken into account when such an extension is considered. The cover pool administrator may use their authorisation only uniformly for all Pfandbriefe in an issue, whereby the due dates can be extended either fully or in part. The cover pool administrator is to extend the maturity in such a manner as to ensure that the original sequence of the servicing of the Pfandbriefe, which could be altered (“overtaking”) by the extension, is not changed (“ban on overtaking”). This can lead to a situation in which the maturity of issues that are due at a later time must also be extended in order to ensure that the ban on overtaking is complied with. See also Section 30 (2a, 2b) PfandBG.	The cover pool administrator can extend the due date of principle repayments if the relevant conditions pursuant to Section 30 (2b) PfandBG for this have been met. The duration of the extension, which may not exceed 12 months, is set by the cover pool administrator in line with the given requirements. The cover pool administrator can extend the due date of principle repayments and interest payments that are due within one month after the appointment of the cover pool administrator up until the end of this one-month period. If the cover pool administrator decides to implement such an extension, the existence of the conditions pursuant to Section 30 (2b) PfandBG are irrefutably assumed. The maximum extension period of 12 months is to be taken into account when such an extension is considered. The cover pool administrator may use their authorisation only uniformly for all Pfandbriefe in an issue, whereby the due dates can be extended either fully or in part. The cover pool administrator is to extend the maturity in such a manner as to ensure that the original sequence of the servicing of the Pfandbriefe, which could be altered (“overtaking”) by the extension, is not changed (“ban on overtaking”). This can lead to a situation in which the maturity of issues that are due at a later time must also be extended in order to ensure that the ban on overtaking is complied with. See also Section 30 (2a, 2b) PfandBG.

Publication pursuant to Section 28 (2) No. 1 a PfandBG, Section 28 (3) No. 1 PfandBG and Section 28 (4) No. 1 a PfandBG

Claims Used as Cover for Mortgage Pfandbriefe Classified According to Size Q4 2023

Cover in €m	Q4 2023	Q4 2022
Up to and including €300,000	18.0	21.8
More than €300,000 Up to and including € 1 million	70.3	76.9
From € 1 million up to and including € 10 million	2,204.7	2,239.4
More than € 10 million	15,184.8	13,701.5
Total	**17,477.8**	**16,039.6**

Claims Used as Cover for Public Pfandbriefe Classified According to Size Q4 2023

Cover in €m	Q4 2023	Q4 2022
Including to and including € 10 million	23.3	21.4
From € 10 million including to and including € 100 million	150.0	211.0
More than € 100 million	–	–
Total	**173.3**	**232.4**

Section 28 (2) No. 1 b and c and No. 2 PfandBG

Claims Used as Cover for Mortgage Pfandbriefe Classified According to Areas in which the Mortgaged Property is Allocated and Type of Use, as Well as Total Amount of Payments in Arrears for at Least 90 days and Total of Such Claims Where the Respective Arrears Amount to at Least 5 % of the Claim Q4 2023

Total – all countries in €m	Q4 2023		Q4 2022	
	Commercial	Residential	Commercial	Residential
Owner-occupied apartments		47.7		25.3
Single and two-family houses		152.3		144.9
Residential buildings for several families		5,740.2		5,099.7
Office buildings	5,818.0		5,734.6	
Retail buildings	3,428.3		3,079.7	
Industrial buildings	128.7		202.9	
Other commercially used buildings	2,021.6		1,648.3	
Unfinished, as yet unprofitable new buildings	79.4	–	52.2	–
Building sites	0.4	61.1	51.8	–
Total amount of payments in arrears for at least 90 days	0.0		0.0	
Total of such claims where the respective arrears amount to at least 5 % of the claim	–		–	
Total	**11,476.5**	**6,001.4**	**10,769.6**	**5,269.9**
	17,477.8		**16,039.6**	

Germany in €m	Q4 2023		Q4 2022	
	Commercial	Residential	Commercial	Residential
Owner-occupied apartments		30.9		25.1
Single and two-family houses		7.9		8.9
Residential buildings for several families		4,909.2		4,482.6
Office buildings	2,904.1		2,847.8	
Retail buildings	2,117.4		1,713.8	
Industrial buildings	124.7		198.9	
Other commercially used buildings	1,438.5		1,214.0	
Unfinished, as yet unprofitable new buildings	79.4	–	52.2	–
Building sites	0.4	61.1	51.8	–
Total amount of payments in arrears for at least 90 days	–		0.0	
Total of such claims where the respective arrears amount to at least 5 % of the claim	–		–	
Total	**6,664.7**	**5,009.1**	**6,078.5**	**4,516.6**
	11,673.7		**10,595.1**	

Belgium in €m	Q4 2023		Q4 2022	
	Commercial	Residential	Commercial	Residential
Owner-occupied apartments		–		–
Single and two-family houses		–		–
Residential buildings for several families		–		–
Office buildings	62.3		55.7	
Retail buildings	–		–	
Industrial buildings	–		–	
Other commercially used buildings	–		–	
Unfinished, as yet unprofitable new buildings	–	–	–	–
Building sites	–	–	–	–
Total amount of payments in arrears for at least 90 days	–		–	
Total of such claims where the respective arrears amount to at least 5 % of the claim	–		–	
Total	**62.3**	**–**	**55.7**	**–**
	62.3		**55.7**	

France in €m	Q4 2023		Q4 2022	
	Commercial	Residential	Commercial	Residential
Owner-occupied apartments		–		–
Single and two-family houses		–		–
Residential buildings for several families		14.6		–
Office buildings	1,039.2		953.8	
Retail buildings	249.4		319.3	
Industrial buildings	–		–	
Other commercially used buildings	125.3		94.0	
Unfinished, as yet unprofitable new buildings	–	–	–	–
Building sites	–	–	–	–
Total amount of payments in arrears for at least 90 days	–		–	
Total of such claims where the respective arrears amount to at least 5 % of the claim	–		–	
Total	**1,413.9**	**14.6**	**1,367.1**	**–**
	1,428.6		**1,367.1**	

Great Britain in €m	Q4 2023		Q4 2022	
	Commercial	Residential	Commercial	Residential
Owner-occupied apartments		–		–
Single and two-family houses		–		–
Residential buildings for several families		–		–
Office buildings	–		64.3	
Retail buildings	–		–	
Industrial buildings	–		–	
Other commercially used buildings	–		–	
Unfinished, as yet unprofitable new buildings	–	–	–	–
Building sites	–	–	–	–
Total amount of payments in arrears for at least 90 days	–		–	
Total of such claims where the respective arrears amount to at least 5 % of the claim	–		–	
Total	**–**	**–**	**64.3**	**–**
	–		**64.3**	

The Netherlands in €m	Q4 2023		Q4 2022	
	Commercial	Residential	Commercial	Residential
Owner-occupied apartments		16.9		0.2
Single and two-family houses		144.4		136.0
Residential buildings for several families		816.4		617.1
Office buildings	973.9		1,019.1	
Retail buildings	737.1		704.4	
Industrial buildings	4.0		4.0	
Other commercially used buildings	308.2		273.2	
Unfinished, as yet unprofitable new buildings	–	–	–	–
Building sites	–	–	–	–
Total amount of payments in arrears for at least 90 days	0.0		–	
Total of such claims where the respective arrears amount to at least 5 % of the claim	–		–	
Total	**2,023.1**	**977.7**	**2,000.8**	**753.3**
	3,000.8		**2,754.1**	

Poland in €m	Q4 2023		Q4 2022	
	Commercial	Residential	Commercial	Residential
Owner-occupied apartments		–		–
Single and two-family houses		–		–
Residential buildings for several families		–		–
Office buildings	662.7		618.2	
Retail buildings	252.7		270.6	
Industrial buildings	–		–	
Other commercially used buildings	149.6		67.1	
Unfinished, as yet unprofitable new buildings	–	–	–	–
Building sites	–	–	–	–
Total amount of payments in arrears for at least 90 days	–		–	
Total of such claims where the respective arrears amount to at least 5 % of the claim	–		–	
Total	**1,065.0**	**–**	**955.8**	**–**
	1,065.0		**955.8**	

Czech Republic in €m	Q4 2023		Q4 2022	
	Commercial	Residential	Commercial	Residential
Owner-occupied apartments		–		–
Single and two-family houses		–		–
Residential buildings for several families		–		–
Office buildings	175.7		175.7	
Retail buildings	71.7		71.7	
Industrial buildings	–		–	
Other commercially used buildings	–		–	
Unfinished, as yet unprofitable new buildings	–	–	–	–
Building sites	–	–	–	–
Total amount of payments in arrears for at least 90 days	–		–	
Total of such claims where the respective arrears amount to at least 5 % of the claim	–		–	
Total	**247.4**	**–**	**247.4**	**–**
	247.4		**247.4**	

Section 28 (3) No. 2 PfandBG

Claims Used as Cover for Public Pfandbriefe Q4 2023

Total – all countries in €m	Q4 2023		Q4 2022	
	of which owed by	of which guaranteed by	of which owed by	of which guaranteed by
Federal governments	50.0	–	50.0	–
Regional authorities	100.0	7.8	164.0	8.4
Local authorities	–	–	–	–
Other	15.5	–	10.0	–
Total	**173.3**		**232.4**	
Amount of the total accounted for by guarantees for reasons of export promotion	–		–	

Germany in €m	Q4 2023		Q4 2022	
	of which owed by	of which guaranteed by	of which owed by	of which guaranteed by
Federal governments	–	–	–	–
Regional authorities	100.0	7.8	164.0	8.4
Local authorities	–	–	–	–
Other	15.5	–	10.0	–
Total	**123.3**		**182.4**	
Amount of the total accounted for by guarantees for reasons of export promotion	–		–	

Austria in €m	Q4 2023		Q4 2022	
	of which owed by	of which guaranteed by	of which owed by	of which guaranteed by
Federal governments	50.0	–	50.0	–
Regional authorities	–	–	–	–
Local authorities	–	–	–	–
Other	–	–	–	–
Total	**50.0**		**50.0**	
Amount of the total accounted for by guarantees for reasons of export promotion	–		–	

Section 28 (3) No. 3 PfandBG

Total Amount of Payments in Arrears for at Least 90 Days – Public Pfandbriefe and Total of Such Claims Where the Respective Arrears Amount to at Least 5 % of the Claim
Q4 2023

Total – all countries in €m	Q4 2023		Q4 2022	
	Total amount of payments in arrears for at least 90 days	Total of such claims where the respective arrears amount to at least 5 % of the claim	Total amount of payments in arrears for at least 90 days	Total of such claims where the respective arrears amount to at least 5 % of the claim
Federal governments	–	–	–	–
Regional authorities	–	–	–	–
Local authorities	–	–	–	–
Other	–	–	–	–
Total	–		–	

Germany in €m	Q4 2023		Q4 2022	
	Total amount of payments in arrears for at least 90 days	Total of such claims where the respective arrears amount to at least 5 % of the claim	Total amount of payments in arrears for at least 90 days	Total of such claims where the respective arrears amount to at least 5 % of the claim
Federal governments	–	–	–	–
Regional authorities	–	–	–	–
Local authorities	–	–	–	–
Other	–	–	–	–
Total	–		–	

Section 28 (1)(1) Nos. 8, 9 and 10 PfandBG

Additional Cover – Detailed Depiction for Mortgage Pfandbriefe Q4 2023

Additional cover for mortgage Pfandbriefe pursuant to Section 19 (1)(1) No. 2 a and b, Section 19 (1)(1) No. 3 a to c, Section 19 (1) (1) No. 4

Total – all countries in €m	Q4 2023			Q4 2022		
	Claims pursuant to Section 19 (1)(1) No. 2 a and b	Claims pursuant to Section 19 (1) (1) No. 3 a to c	Claims pursuant to Section 19 (1) (1) No. 4	Claims pursuant to Section 19 (1)(1) No. 2 a and b	Claims pursuant to Section 19 (1) (1) No. 3 a to c	Claims pursuant to Section 19 (1) (1) No. 4
Covered debentures as defined under Article 129 Regulation (EU) No. 575/2013	337.5	247.5	405.0	302.5	435.5	410.0
Total	387.5	247.5		302.5	435.5	
Total		**1,040.0**			**1,148.0**	

Germany in €m	Q4 2023			Q4 2022		
	Claims pursuant to Section 19 (1)(1) No. 2 a and b	Claims pursuant to Section 19 (1) (1) No. 3 a to c	Claims pursuant to Section 19 (1) (1) No. 4	Claims pursuant to Section 19 (1)(1) No. 2 a and b	Claims pursuant to Section 19 (1) (1) No. 3 a to c	Claims pursuant to Section 19 (1) (1) No. 4
Covered debentures as defined under Article 129 Regulation (EU) No. 575/2013	337.5	95.0		302.5	93.0	
Total	387.5	95.0		302.5	93.0	
			335.0			380.0
Total		**817.5**			**775.5**	

France in €m	Q4 2023			Q4 2022		
	Claims pursuant to Section 19 (1)(1) No. 2 a and b	Claims pursuant to Section 19 (1) (1) No. 3 a to c	Claims pursuant to Section 19 (1) (1) No. 4	Claims pursuant to Section 19 (1)(1) No. 2 a and b	Claims pursuant to Section 19 (1) (1) No. 3 a to c	Claims pursuant to Section 19 (1) (1) No. 4
Covered debentures as defined under Article 129 Regulation (EU) No. 575/2013	–	128.5		–	–	
Total	–	128.5		–	–	
			70.0			–
Total		**198.5**			**–**	

Poland in €m	Q4 2023			Q4 2022		
	Claims pursuant to Section 19 (1)(1) No. 2 a and b	Claims pursuant to Section 19 (1) (1) No. 3 a to c	Claims pursuant to Section 19 (1) (1) No. 4	Claims pursuant to Section 19 (1)(1) No. 2 a and b	Claims pursuant to Section 19 (1) (1) No. 3 a to c	Claims pursuant to Section 19 (1) (1) No. 4
Covered debentures as defined under Article 129 Regulation (EU) No. 575/2013	–	–		–	–	
Total	–	–		–	–	
						30.0
Total		**–**			**30.0**	

Sweden in €m	Q4 2023			Q4 2022		
	Claims pursuant to Section 19 (1)(1) No. 2 a and b	Claims pursuant to Section 19 (1) (1) No. 3 a to c	Claims pursuant to Section 19 (1) (1) No. 4	Claims pursuant to Section 19 (1)(1) No. 2 a and b	Claims pursuant to Section 19 (1) (1) No. 3 a to c	Claims pursuant to Section 19 (1) (1) No. 4
Covered debentures as defined under Article 129 Regulation (EU) No. 575/2013	–	24.0		–	30.0	
Total	–	24.0		–	30.0	
			–			–
Total	**24.0**			**30.0**		

Canada in €m	Q4 2023			Q4 2022		
	Claims pursuant to Section 19 (1)(1) No. 2 a and b	Claims pursuant to Section 19 (1) (1) No. 3 a to c	Claims pursuant to Section 19 (1) (1) No. 4	Claims pursuant to Section 19 (1)(1) No. 2 a and b	Claims pursuant to Section 19 (1) (1) No. 3 a to c	Claims pursuant to Section 19 (1) (1) No. 4
Covered debentures as defined under Article 129 Regulation (EU) No. 575/2013	–	–		–	312.5	
Total	–	–		–	312.5	
			–			–
Total	**–**			**312.5**		

Section 28 (1)(1) Nos. 8 and 9 PfandBG
Additional Cover – Detailed Depiction for Public Pfandbriefe Q4 2023

Additional cover for public Pfandbriefe pursuant to Section 20 (2)(1) No. 2, Section 20 (2)(1) No. 3 a to c, Section 20 (2)(1) No. 4

Total – all countries in €m	Q4 2023			Q4 2022		
	Claims pursuant to Section 19 (1)(1) No. 2 a and b	Claims pursuant to Section 19 (1) (1) No. 3 a to c	Claims pursuant to Section 19 (1) (1) No. 4	Claims pursuant to Section 19 (1)(1) No. 2 a and b	Claims pursuant to Section 19 (1) (1) No. 3 a to c	Claims pursuant to Section 19 (1) (1) No. 4
Covered debentures as defined under Article 129 Regulation (EU) No. 575/2013	–	–	–	–	–	–
Total	–	–	–	–	–	–
Total	**–**			**–**		

Germany in €m	Q4 2023			Q4 2022		
	Claims pursuant to Section 19 (1)(1) No. 2 a and b	Claims pursuant to Section 19 (1) (1) No. 3 a to c	Claims pursuant to Section 19 (1) (1) No. 4	Claims pursuant to Section 19 (1)(1) No. 2 a and b	Claims pursuant to Section 19 (1) (1) No. 3 a to c	Claims pursuant to Section 19 (1) (1) No. 4
Covered debentures as defined under Article 129 Regulation (EU) No. 575/2013	–	–	–	–	–	–
Total	–	–	–	–	–	–
Total	**–**			**–**		

Section 28 (1)(1) Nos. 6, 7, 11, 12, 13, 14, 15 of the German Pfandbrief Act (PfandBG) and Section 28 (2)(1) Nos. 3 and 4 PfandBG
Figures on Outstanding Pfandbriefe and Cover Used
Q4 2023

Mortgage Pfandbriefe		Q4 2023	Q4 2022
Outstanding Pfandbriefe	€m	17,620.6	16,045.7
of which share of fixed-interest Pfandbriefe Section 28 (1) No. 13 (weighted average)	%	99.9	99.6
Cover pool	€m	18,517.8	17,187.6
of which total claims in accordance with Section 12 (1) that exceed the limits pursuant to Section 13 (1)(2) 2nd clause ection 28 (1)(1) No. 11	€m	–	–
of which total values in accordance with Section 19 (1) that exceed the limits pursuant to Section 19 (1)(7) Section 28 (1)(1) No. 11	€m	–	–
Claims that exceed the limit pursuant to Section 19 (1)(2) Section 28 (1)(1) No. 12	€m	–	–
Claims that exceed the limit pursuant to Section 19 (1)(3) Section 28 (1)(1) No. 12	€m	–	–
Claims that exceed the limit pursuant to Section 19 (1)(4) Section 28 (1)(1) No. 12	€m	–	–
of which share of fixed-interest cover pool Section 28 (1) No. 13	%	74.8	74.9
Net present value pursuant to Section 6 Pfandbrief Net Present Value Regulation (PfandBarwertV) per foreign currency in €m Section 28 (1) No. 14 (balance from assets/liabilities)	CAD	–	–
	CHF	–246.2	–211.7
	CZK	–	–
	DKK	–	–
	GBP	–	65.9
	HKD	–	–
	JPY	–	–
	NOK	–	–
	SEK	–	–
		–	–
	AUD	–	–
Volume-weighted average of the age of the claims (lapsed term since lending – seasoning) Section 28 (2) No. 4	years	4.4	4.3
Average weighted loan-to-value ratio Section 28 (2) No. 3	%	57.3	57.0
Average weighted loan-to-value ratio on a market value basis – voluntary disclosure – (average)	%	–	–

Mortgage Pfandbriefe		Q4 2023	Q4 2022
Liquidity figures in accordance with Section 28 (1)(1) No. 6 PfandBG			
Largest negative amount that will result within the next 180 days within the meaning of Section 4 (1a)(3) PfandBG for Pfandbriefe (liquidity requirement)	€m	598.2	779.5
Day on which the largest negative amount will result	Day (1 – 180)	10.0	148.0
Total amount of cover that meets the requirements under Section 4 (1a)(3) PfandBG (liquidity cover))	€m	980.8	998.3
Figures in accordance with Section 28 (1)(1) No. 7 PfandBG			
Share of cover pools accounted for by derivatives transactions pursuant to Section 19 (1)(1) No. 1 (creditworthiness level 3)	%	–	–
Share of cover pools accounted for by derivatives transactions pursuant to Section 19 (1)(1) No. 2 c (creditworthiness level 2)	%	–	–
Share of cover pools accounted for by derivatives transactions pursuant to Section 19 (1)(1) No. 3 d (creditworthiness level 1)	%	–	–
Share of liabilities to be covered that are accounted for by derivatives transactions pursuant to Section 19 (1)(1) No. 1 (creditworthiness level 3)	%	–	–
Share of liabilities to be covered that are accounted for by derivatives transactions pursuant to Section 19 (1)(1) No. 2 c (creditworthiness level 2)	%	–	–
Share of liabilities to be covered that are accounted for by derivatives transactions pursuant to Section 19 (1)(1) No. 3 d (creditworthiness level 1)	%	–	–
Figures in accordance with Section 28 (1)(1) No. 15 PfandBG			
Share of cover pool accounted for by cover assets for which, or for its debtor, a default within the meaning of Art. 178 (1) CRR is considered to have occurred.	%	–	0.3

Public Pfandbriefe		Q4 2023	Q4 2022
Outstanding Pfandbriefe	€m	141.0	200.0
of which share of fixed-interest Pfandbriefe Section 28 (1) No. 13 (weighted average)	%	100.0	100.0
Cover pool	€m	173.3	232.4
of which total claims in accordance with Section 20 (1 and 2) that exceed the limits pursuant to Section 20 (3) Section 28 (1)(1) No. 11	€m	–	–
Claims that exceed the limit pursuant to Section 20 (2)(2) Section 28 (1)(1) No. 12		–	–
Claims that exceed the limit pursuant to Section 20 (2)(3) Section 28 (1)(1) No. 12		–	
of which share of fixed-interest cover pool Section 28 (1) No. 13	%	100.0	100.0
Net present value pursuant to Section 6 Pfandbrief Net Present Value Regulation (PfandBarwertV) per foreign currency in €m Section 28 (1) No. 14 (balance from assets/liabilities)	CAD	–	–
	CHF	–	–
	CZK	–	–
		–	–
	GBP	–	–
	HKD	–	–
	JPY	–	–
	NOK	–	–
	SEK	–	–
	USD	–	–
	AUD	–	–
Liquidity figures in accordance with Section 28 (1)(1) No. 6 PfandBG			
Largest negative amount that will result within the next 180 days within the meaning of Section 4 (1a)(3) PfandBG for Pfandbriefe (liquidity requirement)	€m	12.8	14.2
Day on which the largest negative amount will result	Day (1 – 180)	69.0	113.0
Total amount of cover that meets the requirements under Section 4 (1a)(3) PfandBG (liquidity cover))	€m	15.5	22.9
Figures in accordance with Section 28 (1)(1) No. 7 PfandBG			
Share of cover pools accounted for by derivatives transactions pursuant to Section 20 (2)(1) No. 1 (creditworthiness level 3)	%	–	–
Share of cover pools accounted for by derivatives transactions pursuant to Section 20 (2)(1) No. 2 (creditworthiness level 2)	%	–	–
Share of cover pools accounted for by derivatives transactions pursuant to Section 20 (2)(1) No. 3 c (creditworthiness level 1)	%	–	–
Share of liabilities to be covered that are accounted for by derivatives transactions pursuant to Section 20 (2)(1) No. 1 (creditworthiness level 3)	%	–	–
Share of liabilities to be covered that are accounted for by derivatives transactions pursuant to Section 20 (2)(1) No. 2 (creditworthiness level 2)	%	–	–
Share of liabilities to be covered that are accounted for by derivatives transactions pursuant to Section 20 (2)(1) No. 3 c (creditworthiness level 1)	%	–	–

Public Pfandbriefe		Q4 2023	Q4 2022
Figures in accordance with Section 28 (1)(1) No. 15 PfandBG			
Share of cover pool accounted for by cover assets for which, or for its debtor, a default within the meaning of Art. 178 (1) CRR is considered to have occurred	%	–	–

Section 28 (1)(1) No. 2 PfandBG

International Securities Identification Numbers of the International Organisation for Standardisation (ISIN) by Pfandbrief Type Q4 2023

Mortgage Pfandbriefe	Q4 2023	Q4 2022
ISIN	CH1202242249, DE000BHY0AU8, DE000BHY0BE0, DE000BHY0BN1, DE000BHY0BQ4, DE000BHY0BV4, DE000BHY0BZ5, DE000BHY0B14, DE000BHY0C47, DE000BHY0C70, DE000BHY0C88, DE000BHY0GC3, DE000BHY0GD1, DE000BHY0GE9, DE000BHY0GH2, DE000BHY0GK6, DE000BHY0GL4, DE000BHY0GM2, DE000BHY0GQ3, DE000BHY0GT7, DE000BHY0GX9, DE000BHY0HC1, DE000BHY0HM0, DE000BHY0HN8, DE000BHY0HP3, DE000BHY0HW9, DE000BHY0HZ2, DE000BHY0H34, DE000BHY0JB9, DE000BHY0JC7, DE000BHY0JD5, DE000BHY0JJ2, DE000BHY0JS3, DE000BHY0JU9, DE000BHY0JW5, DE000BHY0JX3, DE000BHY0JY1, DE000BHY0J08, DE000BHY0MQ1, DE000BHY0MT5, DE000BHY0MX7, DE000BHY0SB0, DE000BHY0SC8, DE000BHY0SP0, DE0002180064, DE0002190097, DE0002190204, DE0002190220, DE0002190253, DE0002190295, DE0002190303, DE0002190329, DE0002190337, DE0002190345, DE0002190402, DE0002190436, DE0002190444, DE0002190485, DE0002190543, DE0002190725, DE0002190741, DE0002190782, DE0002190832, DE0002190972, DE0002191020, DE0002200003, DE0002200250, DE0002200359, DE0002200375, DE0002200409, DE0002200417, DE0002200425, DE0002200441, DE0002200458, DE0002200466, DE0002200516, DE0002200532, DE0002200557, DE0002200565, DE0002200573, DE0002200599, DE0002200615, DE0002200623, DE0002200649, DE0002200664, DE0002200672, DE0002200680, DE0002200698, DE0002200706, DE0002200714, DE0002200763, DE0002210028	CH1202242249, DE000BHY0AU8, DE000BHY0BC4, DE000BHY0BE0, DE000BHY0BH3, DE000BHY0BN1, DE000BHY0BQ4, DE000BHY0BU6, DE000BHY0BV4, DE000BHY0BW2, DE000BHY0BZ5, DE000BHY0B06, DE000BHY0B14, DE000BHY0C13, DE000BHY0C47, DE000BHY0C70, DE000BHY0C88, DE000BHY0GC3, DE000BHY0GD1, DE000BHY0GE9, DE000BHY0GH2, DE000BHY0GK6, DE000BHY0GL4, DE000BHY0GX9, DE000BHY0HC1, DE000BHY0HK4, DE000BHY0HL2, DE000BHY0HM0, DE000BHY0HN8, DE000BHY0HP3, DE000BHY0HV1, DE000BHY0HW9, DE000BHY0HZ2, DE000BHY0H34, DE000BHY0JB9, DE000BHY0JC7, DE000BHY0JD5, DE000BHY0JJ2, DE000BHY0JS3, DE000BHY0JU9, DE000BHY0MQ1, DE000BHY0MT5, DE000BHY0MW9, DE000BHY0MX7, DE000BHY0SB0, DE000BHY0150, DE0002180064, DE0002190097, DE0002190204, DE0002190220, DE0002190253, DE0002190295, DE0002190303, DE0002190329, DE0002190337, DE0002190345, DE0002190402, DE0002190436, DE0002190444, DE0002190485, DE0002190543, DE0002190659, DE0002190725, DE0002190741, DE0002190782, DE0002190832, DE0002190972, DE0002191020, DE0002200003, DE0002200250, DE0002200359, DE0002200375, DE0002200409, DE0002200417, DE0002200425, DE0002200441, DE0002200458, DE0002200466, DE0002200516, DE0002200532, DE0002200557, DE0002200565, DE0002200573, DE0002200599, DE0002200615, DE0002200623, DE0002200649, DE0002200664, DE0002200672, DE0002200680, DE0002200698, DE0002200706, DE0002200714, DE0002200763, DE0002210028

Public Pfandbriefe	Q4 2023	Q4 2022
ISIN	DE0002193315, DE0002193372, DE0002193646, DE0002203213, DE0002206737	DE0002193315, DE0002193372, DE0002193646, DE0002203023, DE0002203213, DE0002206737

Section 28 (2) No. 4 PfandBG

Section 28 (2) No. 4 a to c PfandBG: Information on Foreclosures and Administrative Receivership Proceedings, Overdue Interest and Repayments of Mortgage Loans Q4 2023

Section 28 (2) No. 4 a and b PfandBG in amount	Q4 2023		Q4 2022	
	Commercial	Residential	Commercial	Residential
No. 4a Pending foreclosures	–	–	–	–
Pending administrative receiverships	–	–	–	–
Of which included in the pending foreclosures	–	–	–	–
Foreclosures carried out	–	–	–	–
No. 4 b Cases in which property has been seized to prevent losses	–	–	–	–

Section 28 (2) No. 4 c PfandBG in €m	Q4 2023		Q4 2022	
	Commercial	Residential	Commercial	Residential
No. 4 c Total interest in arrears	–	–	–	–

Berlin, 27 February 2024

Sascha Klaus Maria Teresa Dreo-Tempsch Alexander Stuwe

Independent Auditor's Report

To Berlin Hyp AG, Berlin/Germany

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

Audit Opinions

We have audited the annual financial statements of Berlin Hyp AG, Berlin/Germany, which comprise the balance sheet as at 31 December 2023, and the statement of profit and loss, the cash flow statement and the statement of changes in equity for the financial year from 1 January to 31 December 2023, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Berlin Hyp AG, Berlin/Germany, for the financial year from 1 January to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of the corporate governance statement included in section VI "Corporate governance statement in accordance with Sec. 289f HGB" and the separate non-financial statement included in section VII "Non-financial statements in accordance with Sec. 289b and Sec. 289c HGB", each of which is made reference to in the management 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 business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023 and of its financial performance for the financial year from 1 January to 31 December 2023 in compliance 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 audit opinion on the management report does not cover the contents of the corporate governance statement included in section VI "Corporate governance statement in accordance with Sec. 289f HGB" and the separate non-financial statement included in section VII "Non-financial statements in accordance with Sec. 289b and Sec. 289c HGB", each of which is made reference to in the management report.

Pursuant to Section 322 (3) sentence 1 German Commercial Code (HGB), 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 Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the 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 (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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 judgement, were of most significance in our audit of the annual financial statements for the financial year from 1

January to 31 December 2023. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the determination of specific and general risk provisioning in the lending business, which we have determined to be a key audit matter in the course of our audit. Our presentation of these key audit matters has been structured as follows:

a) description (including reference to corresponding information in the annual financial statements)
b) auditor's response

Determination of specific and general risk provisioning

a) As at 31 December 2023, a total of bEUR 29.2 in loans and advances to customers and other banks are recognised in the annual financial statements of Berlin Hyp AG, which makes up 83.2% of total assets. The existing risk provisioning of mEUR 435.6 has already been deducted from these loans and advances. The risk provision includes both individually determined specific allowances of mEUR 149.6 and model-based fixedrate allowances of mEUR 151.4, which also include a model-based model adjustment of mEUR 127.0. Additional contingent liabilities and other commitments amount to bEUR 2.3, Provisions of mEUR 7.4 have been set up for these, which amount to mEUR 2.6 based on provisions determined on a model basis and to mEUR 4.8 related to the model-based model adjustment. The model adjustment thus totals mEUR 131.8.

The Bank assesses the recoverability of loans and advances in the lending business on a regular basis and whenever there are objective indications that the assets may be impaired. The allowance requirement corresponds to the amount at risk of default taking into account the respective collaterals, which is determined according to the internal regulations of the Bank. Where applicable, corresponding provisions are made for off-balance sheet transactions subject to either an imminent risk of utilisation by doubtful borrowers (guarantees, warranties) or to expected impairments due to payment obligations (irrevocable loan commitments).

The computation of the general risk provision was outsourced by the Bank to the Landesbank Baden-Württemberg, Stuttgart, Karlsruhe, Mannheim and Mainz. It is carried out by means of mathematical-statistical procedures on the basis of the expected credit loss, using regulatory risk parameters (probability of default, recovery rate from the liquidation of collateral and the recovery rate on the unsecured portion) as a basis.

In order to take account of its expectations regarding economic developments, particularly in conjunction with the negative development on the property markets, the Bank has increased its general risk provisioning by a model adjustment totalling mEUR 131.8 as at 31 December 2023. The calculation of the general risk provision is based on an overall expected increase in the probability of default of existing borrowers through an adjustment of the parameters used for the determination.

Given the fact that the lending business is one of the Bank's core business activities and both individual and model-based measurement of receivables and contingent liabilities and other commitments requires the executive directors to make judgements and estimates and is thus subject to uncertainties and discretion, this matter was of particular relevance as part of our audit.

The disclosures on the determination of risk provisioning in the lending business can be found in the notes to the financial statements in the chapter "Receivables and liabilities".

b) As part of our risk-oriented audit approach, we have both audited the relevant internal control system and performed substantive audit procedures based on our risk assessment. The test of design and implementation and of operating effectiveness comprised the controls with respect to the processes for identifying indications for impairment (risk early recognition process), customer ratings as well as individual loan-related determination of impairment (determination of specific allowances) under considering the provided collaterals.

In addition, we assessed, on the basis of individual cases selected according to risk-oriented criteria, the appropriate identification of indications of impairment as well as the valuation of receivables for which an impairment test was required by the Bank, including the reasonableness of the estimated values. Within the scope of this evaluation, we particularly reviewed those methods, assumptions and data used by the client for determining the estimated values. For the valuation of receivables, we assessed the underlying assumptions, in particular the valuation of collateral.

In order to examine the outsourcing of the calculation of the general risk provisions to Landesbank Baden-Württemberg, Stuttgart, Karlsruhe, Mannheim and Mainz/Germany, we have in particular examined the calculation processes carried out at LBBW and traced the data flows between LBBW and Berlin Hyp as well as the plausibility checks carried out at Berlin Hyp. In addition, we verified the calculated general risk provision on the basis of representatively selected samples and assessed the methodology used to derive the model adjustment and the appropriateness of the key assumptions underlying the calculation.

For the purpose of assessing the determination of the general risk provision including the model adjustment and assessing the measurement of collaterals, we called in our internal specialists.

Furthermore, we have examined the disclosures within the notes for their correctness and completeness.

Other Information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the non-financial statement pursuant to Sections 289b to 289e HGB included in section VII “Non-financial statements in accordance with Sec. 289b and Sec. 289c HGB” of the management report,
- the corporate governance statement pursuant to Section 289f HGB which is included in section VI “Corporate governance statement in accordance with Sec. 289f HGB” of the management report,
- the executive directors’ confirmation regarding the annual financial statements and the management report pursuant to Section 264 (2) sentence 3 HGB and Section 289 (1) sentence 5 HGB,
- all other parts of the annual report,
- but not the annual financial statements, not the audited content of the management report and not our auditor’s report thereon.

The supervisory board is responsible for the report of the supervisory board. Otherwise the executive directors are responsible for the other information.

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

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

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

The executive directors are responsible for the preparation of the annual financial statements that comply all material respects, with the requirements of German commercial law applicable, 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, the executive directors are 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 (i.e. fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are 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, the executive directors are responsible for the preparation of the 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, the executive directors are 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 audit 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 judgement and maintain professional scepticism 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 audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement 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 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 audit opinion on the effectiveness of these systems of the Company.

→ evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

→ conclude on the appropriateness of the executive directors' 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 audit 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 the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors 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 audit 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 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 actions taken or safeguards applied to eliminate independence threats.

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 for the current period and are therefore the key audit matters. We describe these matters in the 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 Reproductions of the Annual Financial Statements and of the Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the annual financial statements and of the management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value c206674bf8a6672961561b773fc54151b00162b2b242b1fa0f8047bc474d52bb, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the annual financial statements and the management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the annual financial statements and of the management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying annual financial statements and on the accompanying management report for the financial year from 1 January to 31 December 2023 contained in the "Report on the Audit of the Annual Financial Statements and of the Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the annual financial statements and of the management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our auditing practice has applied the quality assurance system requirements of the IDW quality assurance standards.

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents based on the electronic files of the annual financial statements and of the management report according to Section 328 (1) sentence 4 no. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Audit of the ESEF Documents

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 judgement and maintain professional scepticism 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 audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- → obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit 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 file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- → evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited annual financial statements and to the audited management report.

Further Information Pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the general meeting on 24 March 2023. We were engaged by the supervisory board on 12 April 2023. We have been the auditor of Berlin Hyp AG, Berlin/Germany, without interruptions, since the abridged reporting period from 1 January to 30 June 2022.

We declare that the audit 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).

Other matter – Use of the Auditor's Report
Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as with the audited ESEF documents. The annual financial statements and the management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited annual financial statements and the audited management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

German public auditor responsible for the engagement
The German Public Auditor responsible for the engagement is Björn Grüneberg.

Berlin/Germany, 28. February 2024

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

sig. Grüneberg Wirtschaftsprüfer (German Public Auditor)	sig. Wissel-Schaldach Wirtschaftsprüferin (German Public Auditor)

Limited Assurance Report Of The Independent Practitioner Regarding The Non-Financial Report

To Berlin Hyp AG, Berlin/Germany

Our Engagement

We performed a limited assurance engagement on the non-financial statement ("non-financial reporting") of Berlin Hyp AG, Berlin/Germany ("the Company"), which is contained in the management report for the financial year from 1 January to 31 December 2023.

Our assurance engagement does not cover the external sources of documentation or expert opinions stated in the combined non-financial reporting:

- Separately published GRI index
- TCFD index
- Website of Berlin Hyp www.berlinhyp.de (incl. subpages)
- Environmental report
- Validation of the environmental statement in accordance with EMAS by GUT Certifizierungsgesellschaft für Managementsysteme mbH
- PCAF standards
- ESG Bond Report 2022
- Federal Ministry of Economics (December 2021): Energy efficiency in figures – Developments and trends in Germany 2021
- Decarbonisation project
- Materiality analysis (risk management) by vdpResearch
- Climate risk analysis
- Natural hazard analysis by K.A.R.L. of Köln Assekuranz Agentur
- Ratings/valuations of RepRisk
- Risk filter of RepRisk AG
- Impact-Reporting of Drees & Sommer as well as reporting and re-verification by ISS-ESG
- Emissions calculation using the VfU tool

The CSRD materiality analysis 2023 and the further steps towards CSRD reporting 2024 are not the subject of this engagement.

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the non-financial reporting in accordance with Section 340a (1a) in conjunction with Sections 289c to 289e German Commercial Code (HGB) and Article 8 of Regulation (EU) 2020/852 of the European Parliament and the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 ("EU Taxonomy Regulation") and the delegated acts adopted thereon, as well as with the executive directors' interpretation of the wording and terminology contained in the EU Taxonomy Regulation and the delegated acts adopted thereon, as is presented in section 4 of the non-financial reporting.

These responsibilities of the Company's executive directors include the selection and application of appropriate methods to prepare the non-financial reporting and the use of assumptions and estimates for individual nonfinancial disclosures which are reasonable under the given circumstances. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of nonfinancial reporting that is free from material misstatements due to fraud (i.e. fraudulent non-financial reporting) or error.

Some of the wording and terminology contained in the EU Taxonomy Regulation and the delegated acts adopted thereon are still subject to considerable interpretation uncertainty and have not yet been officially clarified in every case. Therefore, the executive directors have laid down their own interpretation of the EU Taxonomy Regulation and of the delegated acts adopted thereon in section 4 of the non-financial reporting. They are responsible for the defensibility of this interpretation. As there is the inherent risk that indefinite legal terminology may allow for various interpretations, the legal conformity of the interpretation is subject to uncertainty.

The preciseness and completeness of the environmental data in the non-financial reporting is subject to inherent limitations resulting from the manner in which the data was collected and calculated as well as from assumptions made.

Independence and Quality Assurance of the Independent Practitioner's Firm

We have complied with the German professional requirements on independence and other professional conduct requirements.

Our audit firm applies the national statutory rules and professional announcements – particularly of the "Professional Code of Conduct for German Public Auditors and German Sworn Auditors" (BS WP/vBP) and of the Quality Management Standards promulgated by the Institut der Wirtschaftsprüfer (IDW), and accordingly maintains a quality management system that includes documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

Responsibilities of the Independent Practitioner

Our responsibility is to express a conclusion on the non-financial reporting based on our work performed within our limited assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", adopted by the IAASB. This Standard requires that we plan and perform the assurance engagement so that we can conclude with limited assurance whether matters have come to our attention to cause us to believe that the nonfinancial reporting, with the exception of the external sources of documentation or expert opinions referenced therein, has not been prepared, in all material respects, in accordance with Section 340a (1a) in conjunction with Sections 289c to 289e HGB and the EU Taxonomy Regulation and the delegated acts adopted thereon, as well as with the interpretation by the executive directors presented in section 4 of the non-financial reporting.

The procedures performed in a limited assurance engagement have a lesser extent than for a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The choice of assurance work is subject to the practitioner's professional judgement.

Within the scope of our limited assurance engagement that we performed during the months from October 2023 to February 2024, we notably performed the following procedures and other work:

- Gaining an understanding of the structure of the Company's sustainability organisation and stakeholder engagement,
- Inquiries of the executive directors and relevant employees involved in the process of preparation about the process of preparation, about the system of internal control relating to this process, as well as about the disclosures contained in the non-financial reporting, Identification of probable risks of material misstatements in the non-financial reporting,
- Analytical evaluation of selected disclosures in the non-financial reporting,
- Cross validation of selected disclosures and the corresponding data in the annual financial statements as well as in the management report,

- Evaluation of the presentation of the non-financial reporting,
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the non-financial reporting.

The determination of the disclosures pursuant to Article 8 of the EU Taxonomy Regulation requires the executive directors to make interpretations of indefinite legal concepts. As there is the inherent risk that indefinite legal concepts may allow for various interpretations, the legal conformity of the interpretation, and hence our related examination, is prone to uncertainty.

Conclusion of the Independent Practitioner

Based on the work performed and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial statement of the Company for the financial year from 1 January to 31 December 2023 has not been prepared, in all material respects, in accordance with Sections 340a (1a) in conjunction with 289c to 289e HGB, the EU Taxonomy Regulation and the delegated acts adopted thereon, as well as with the interpretation by the executive directors presented in section 4 of the non-financial reporting.

We do not express a conclusion on the external sources of documentation and expert opinions stated in the nonfinancial reporting.

Restriction of Use

We issue this report as stipulated in the engagement letter agreed with the Company (including the “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)” as of 1 January 2017 promulgated by the Institut der Wirtschaftsprüfer (IDW)). We draw attention to the fact that the assurance engagement was conducted for the Company’s purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Therefore, it may not be suitable for another than the aforementioned purpose. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it.

We are solely liable to the Company. However, we do not accept or assume liability to third parties. Our conclusion is not modified in this respect.

German public auditors responsible for the engagement

The German Public Auditors responsible for the engagement are Björn Grüneberg and Beate Wissel-Schaldach

Berlin, 28 February 2024

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

sig. Grüneberg)	sig. Wissel-Schaldach
Wirtschaftsprüfer)	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

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 legally required accounting principles, the corporate accounts provide an accurate picture of the actual circumstances of the net assets, 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 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.«

Berlin, 27 February 2024

Sascha Klaus Maria Teresa Dreo-Tempsch Alexander Stuwe

Contents

Service

List of Important Abbreviations

Abs.	Absatz (paragraph)
AG	Aktiengesellschaft (stock corporation)
AktG	Aktiengesetz
AMA	Advanced Measurement Approach
APP	Asset Purchase Programme
AReG	Abschlussprüferreformgesetz (German Audit Reform Act)
AT	non-tariff
BA	Berufsakademie (University of Cooperative Education)
BCBS	Basel Committee on Banking Supervision
BGB	Bürgerliches Gesetzbuch (German Civil Code)
BGH	Bundesgerichtshof (Federal Court of Justice)
BilMoG	Bilanzrechtsmodernisierungsgesetz (German Accounting Law Adjustment Act)
BIP	Bruttoinlandsprodukt (gross domestic product)
BL	Bereichsleiter (division head)
BREEAM	Building Research Establishment Environment Assessment
BRRD	Bank Recovery and Resolution Directive
BSG	Betriebssportgemeinschaft (Company Sports club)
BSI	Bundesamt für Sicherheit in der Informationstechnik (Federal Office for Information Technology Security)
CBPP III	Covered Bond Purchase Program
CCF	Credit Conversion Factor
CD	Corporate Design
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CSR	Corporate Social Responsibility
D & O	Directors & Officers
DCGK	Deutscher Corporate Governance Kodex (German Corporate Government Code)
DGNB	Deutsche Gesellschaft für Nachhaltiges Bauen (German Sustainable Building Council)
DIIR	Deutsches Institut für Interne Revision (German Institute of Internal Auditors)
DRS	Deutscher Rechnungslegungs Standard (German Accounting Standard)
DSGV	Deutscher Sparkassen- und Giroverband (German Savings Bank Association)
DV	Datenverarbeitung (data processing)
EGHGB	Einführungsgesetz zum Handelsgesetzbuch (Introductory Law to the German Commercial Code)
EStG	Einkommensteuergesetz (German Income Tax Code)
ESZB	Europäisches System der Zentralbanken (European System of Central Banks)
EU	European Union
EURIBOR	Euro Interbank Offered Rate
EWB	Einzelwertberichtigung (specific valuation allowances and reserves)
EZB	Europäische Zentralbank (European Central Bank)
FED	Federal Reserve Bank
FRA	Forward Rate Agreement
GbR	Gesellschaft bürgerlichen Rechts (civil law partnership)
GmbH	Gesellschaft mit beschränkter Haftung (private limited company)
GuV	Gewinn- und Verlustrechnung (profit and loss account)
HGB	Handelsgesetzbuch (German Commercial Code)
HQE	Haute Qualite Environnementale (High Quality Environmental standard)
HRB	Handelsregister Teil B (Commercial Register)
IA	Inanspruchnahme (called to account)
iBoxx	Index family for bond market indices
IDW	Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany)
IF	Immobilienfinanzierung (real estate financing)
IFRS	International Financial Reporting Standards
InstitutsVergV	Verordnung über die aufsichtsrechtlichen Anforderungen an Vergütungssysteme von Instituten (Institutional Remuneration Ordinance)
IREBS	International Real Estate Business School
IRRBB	Interest Rate Risk in the Banking Book
IT	Information technology
IWF	Internationaler Währungsfonds (International Monetary Fund)
KA	Kreditausschuss (Loans Committee)
K-Fälle	Katastrophenfälle (catastrophe case)
KR	Kredit (loan)
KWG	Kreditwesengesetz (German Banking Act)
LCR	Liquidity Coverage Ratio
LGD	lost given defaults
LEED	Leadership in Energy and Environmental Design
LMA	Loan Market Association
LR	Leverage Ratio
LTV	Loan-to-Value
MaRisk	Mindestanforderungen an das Risikomanagement (Minimum Requirements for Risk Management)
MaSan	Mindestanforderungen an die Ausgestaltung von Sanierungsplänen (Minimum Requirements for the Structure of Restructuring Plans)
MREL	Minimum Requirement for Eligible Liabilities
NPL	Non-Performing Loans
NSFR	Net Stable Funding Ratio
OHG	Offene Handelsgesellschaft (private partnership)
OI	Organisation/Informationstechnologie (organisation/information technology)
OpRisk	Operationelle Risiken (operational risks)
PA	Prüfungsausschuss (Audit Committee)
PE	Personal (staff)
PfandBG	Pfandbriefgesetz (Pfandbrief Act)
PSA	Personal- und Strategieausschuss (Staff and Strategy Committee)
PWB	Pauschalwertberichtigung (lump-sum value adjustments)
RechKredV	Verordnung über die Rechnungslegung der Kreditinstitute (Regulation on the Accounts of Banking Institutions)
RST	Rückstellungen (reserves)
RWA	Risk-weighted asset
SAG	Sanierungs- und Abwicklungsgesetz (Restructuring and Winding-Up Act)
SAP	Systems, applications, products
SEPA	Single Euro Payments Area
SolvV	Solvabilitätsverordnung (Solvency Regulation)
SRB	Single Resolution Board
SRM	Single Resolution Mechanism
SSM	Single Supervisory Mechanism
TLTRO	Targeted longer-term refinancing operations
TR	Treasury
VaR	Value-at-Risk
vdp	Verband deutscher Pfandbriefbanken e.V., Berlin
ZIA	Zentraler Immobilien Ausschuss (German Property Federation)

Addresses

Headquarters

Berlin Hyp AG
Corneliusstrasse 7
10787 Berlin
Germany
T +49 30 2599 90
www.berlinhyp.de

Real Estate Finance

Berlin Branch
Corneliusstrasse 7
10787 Berlin
Germany
T +49 30 2599 5588

Dusseldorf Branch
Königsallee 60d
40212 Dusseldorf
Germany
T +49 211 8392 2211

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

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

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

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

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

Amsterdam Office
WTC Schiphol Airport Tower B;
9. Floor
Schiphol Boulevard 263
NL-1118 BH Schiphol
The Netherlands
T +31 20 798 44 20

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

Warschau
Plac Malachowskiego 2
PL-00-066 Warsaw
Poland
T +48 22 376 5121

Portfolio Management

Syndication
Corneliusstrasse 7
10787 Berlin
Germany
T +49 30 2599 5610

S-Group Business
Corneliusstrasse 7
10787 Berlin
Germany
T +49 30 2599 5585

Other Functional Spheres

Finance and Banking Operations
Corneliusstrasse 7
10787 Berlin
Germany
T +49 30 2599 5930

Treasury
Corneliusstrasse 7
10787 Berlin
Germany
T +49 30 2599 9510

Risk Management
Corneliusstrasse 7
10787 Berlin
Germany
T +49 30 2599 9975

Contact

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

Berlin Hyp AG
Communications and Marketing
Corneliusstrasse 7
10787 Berlin
Germany
T +49 30 2599 9123
F +49 30 2599 998 9123
www.berlinhyp.de

Important company information is available immediately after publication at www.berlinhyp.de

Publications for our business partners in 2024

- Annual Report 2023 (German/English)
- Half-Year Financial Report to 30 June 2024 (German/English)

In this Annual Report, reference to the masculine form naturally also includes the feminine form.

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Germany

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