

Press Release

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26 January 2022

LBBW acquires Berlin Hyp

- **LBBW expands its position in an attractive business area**
- **Savings banks benefit from expanded competence center for commercial real estate lending with first-class products and improved capital market access**
- **Forces combined further in the S-Finanzgruppe under the umbrella of LBBW**
- **LBBW, together with Berlin Hyp, now the largest issuer of ESG bonds among European commercial banks**

LBBW is acquiring the commercial real estate lender Berlin Hyp, a subsidiary of Landesbank Berlin Holding, which is wholly owned by the German savings banks. The signing took place today. It was agreed not to disclose the financial details. The transaction is subject to antitrust approval and still has to be approved by the responsible savings banks' bodies. It is planned to close the transaction this summer.

“With its profitable and low-risk business model focused on sustainability, Berlin Hyp is an excellent fit for LBBW,” said Rainer Neske, Chairman of LBBW’s Board of Managing Directors. “At LBBW, this strengthens one of our core business areas, where we have already been enjoying very successful

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growth for several years. At the same time, we are creating a major competence center for commercial real estate lending within the savings banks organization. This represents another big step in combining forces in the public banking sector.”

The two banks already follow a similar lending strategy. As of 30 June 2021, Berlin Hyp’s loan portfolio amounts to c. EUR 25bn. LBBW has a commercial real estate financing loan book of c. EUR 26bn. Both banks have equally conservative risk policies, which is reflected in a good average loan-to-value ratio (LTV) in their respective loan books of less than 55%. Within asset classes office buildings and residential properties dominate. “While we strengthen our market access in our core segments in our domestic German market, we complement each other perfectly in our international activities,” said Thorsten Schönenberger, who is responsible for Real Estate and Project Finance in LBBW’s Board of Managing Directors.

Sascha Klaus, Chair of the Board of Management at Berlin Hyp, said: “In recent years, Berlin Hyp has prepared itself optimally for the future through comprehensive digitization projects and a forward-looking ESG strategy. In the future, we will bring these strengths to LBBW. Customers of both banks will benefit from this.” Within LBBW Group, Berlin Hyp is managed under its established brand name as a self-contained subsidiary. This means that this transaction will not change anything neither for customers nor employees of LBBW and Berlin Hyp.

Furthermore, both banks share a long-standing focus on sustainability. Both banks are leading issuers of sustainable bonds (ESG bonds) among European commercial banks, and together LBBW and Berlin Hyp are clearly the number one.

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They are also drivers of innovation. In 2015, Berlin Hyp issued the first ever green covered bond (Grüner Pfandbrief) and last year it became the first commercial bank worldwide to issue a sustainability-linked bond. LBBW, with its long-standing green and social bonds program, is also a pioneer in this market and supports its customers issue sustainable debt instruments. “Together, we are even stronger in the area of sustainability and we can tackle the challenges ahead as pioneers,” said Thorsten Schönenberger. He added: “Our aim is to be the most innovative real estate lender in Germany. We also think there are very good prospects for commercial real estate business even given the pandemic.”

The transaction also creates the leading competence center for commercial real estate lending within the S-Finanzgruppe. Both banks offer a wide range of products and services to savings banks. One of the stand-out features in the investment segment is the excellent access to green and ESG bonds.

“We aim to continue working together with the savings banks and further strengthen this partnership,” said Rainer Neske. “Besides our real estate business, where we will further improve our services together with Berlin Hyp, this applies also to other businesses such as capital markets.” In this segment LBBW recently acquired interest rate-, currency- and commodity-management for savings banks’ corporate customers from BayernLB and HCOB (formerly HSH Nordbank). Shortly before Christmas, another agreement was reached with Helaba in order to pool selected business areas, with LBBW taking on interest rate-, currency- and commodity-management for savings banks’ corporate customers as well as the custody business of Helaba.