

JUNE 2020

Issuer Profile

Important News

On 14 December 2020 the Owners' Meeting of NORD/LB has decided the complete legal integration of Deutsche Hypo.

You can find the following related documents:

- [Ad-hoc news](#)
- [Frequently asked questions](#)



In a nutshell

DEUTSCHE HYPO...

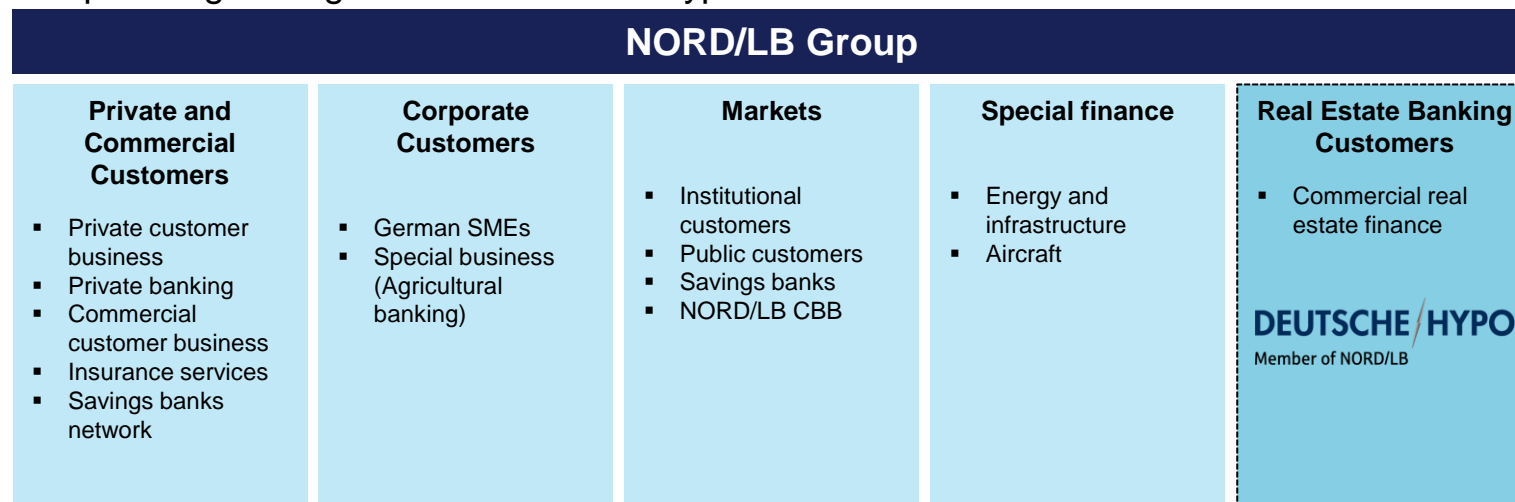
- is one of the oldest Pfandbrief banks in Germany
- is the centre of competence for commercial real estate business in the NORD/LB Group
- has a well-established capital market business
- is a renowned issuance house
- has its own independent market approach in its business activities
- has the German Pfandbrief Act as the basis for its business model
- is part of the Savings Banks' Guarantee System



Owner structure

DEUTSCHE HYPO is the centre of competence for commercial real estate business in the NORD/LB Group. This makes DEUTSCHE HYPO the major issuer of Mortgage Pfandbriefe and an important value driver of the Group.

A control and profit and loss transfer agreement has been signed to ensure a closer connection of DEUTSCHE HYPO to the NORD/LB Group. Furthermore the “simplification options” in accordance with Section 2a KWG (old version, so-called “waiver rule”) apply. NORD/LB has granted a letter of comfort (Patronatserklärung) in favour of DEUTSCHE HYPO.* On 14 December 2020 the Owners' Meeting of NORD/LB has decided the complete legal integration of Deutsche Hypo.

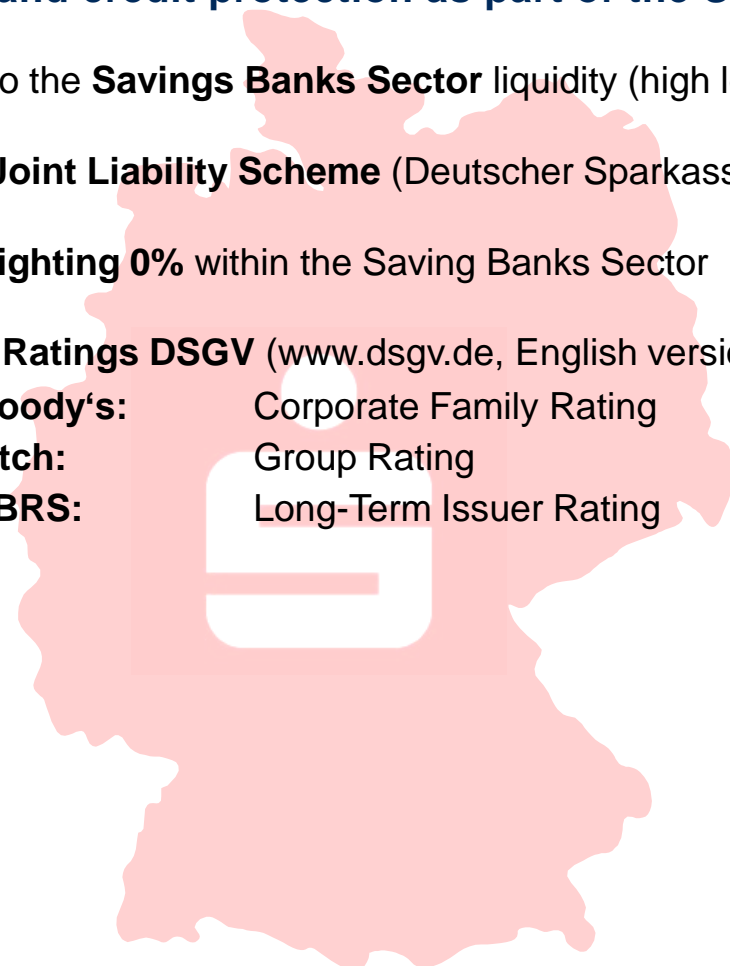


* Cf. pg. 22, 244 et seq. of NORD/LB's Group Annual Report 2019



Security and credit protection as part of the Savings Banks sector

- Access to the **Savings Banks Sector** liquidity (high level of customer deposits in Germany)
- **Strong Joint Liability Scheme** (Deutscher Sparkassen- und Giroverband / DSGV)
- **Risk weighting 0%** within the Saving Banks Sector
- **Current Ratings DSGV** (www.dsgv.de, English version also available):
 - **Moody's:** Corporate Family Rating Aa2
 - **Fitch:** Group Rating A+
 - **DBRS:** Long-Term Issuer Rating A



The first half of 2020 in a nutshell

- Result from normal operations € 24.0 mn (06/2019: € 33.0 mn)
- New business volume at € 765.5 mn (06/2019: € 1,495.7 mn)
- Net interest income slightly reduced to € 82.9 mn (06/2019: € 87.1 mn)
- Reduction of administrative expense to € 46.6 mn (06/2019: € 49.3 mn)
- The risk result of the whole bank is € -10.3 mn (06/2019: € -9.1 mn)
- The real estate risk result is € -19.2 mn (06/2019: € +2.3 mn)
- Slight increase of the cost-income ratio to 57.6 % (06/2019: 54.0 %)



Financial figures

in € mn	30.06.2020	30.06.2019	31.12.2019
Net interest income	82.9	87.1	182.5
Net commission income	1.3	1.3	0.9
Administrative expenses	46.6	49.3	81.2
Risk result commercial real estate business	-19.2	2.3	-4.3
Risk result for overall bank	-10.3	-9.1	-41.6
Result from normal operations	24.0	33.0	55.1
Cost-income ratio	57.6%	54.0%	44.2%
Balance sheet total	19,412	20,822	20,454
Equity	1,039	1,214	1,194



Current Ratings

Credit ratings

	Moody's
Mortgage Pfandbriefe	Aa1
Public Pfandbriefe	Aa1
Senior Unsecured (preferred)	A3
Junior Senior Unsecured (non preferred)	Baa2
Short-term Bank Deposits	P-2

Sustainability ratings

	imug	ISS ESG
Sustainability Rating	positive BB	Overall Score B- Investment Status „Prime“
Mortgage Pfandbriefe	positive BBB	
Public Pfandbriefe	very positive A	

Various information about credit ratings and sustainability ratings are available for download on the website www.deutsche-hypo.de.



Strategy and targets

- Focus on direct business with professional and financially sound real estate investors
- Tailor-made financing concepts and individual, qualified advice for our customers
- Customers are institutional investors like real estate funds, real estate companies/REITs, leasing companies, financial investors, developers, banks, affiliated companies and institutions and professional private investors
- Asset classes: office and retail properties, apartment buildings, hotels and logistics
- Focus on strategic core markets: Germany, France, Benelux, UK, Austria, Poland and Spain
- Products: medium to long-term financing transactions, project financing, leasing finance, portfolio finance, acquisition finance, structuring, syndication, underwriting, guarantees or derivatives



Presence in Europe

- We are where our customers are!
- Focus on core Europe:
 - Domestic locations in Germany
 - Foreign locations in Amsterdam, London, Madrid, Paris and Warsaw
- Target markets offer high transaction volumes, high market maturity and intense concentration on our target customers.
- High local market expertise as well as a comprehensive know how of the legislative framework of each target country.



References



Logistikportfolio

Sieben deutsche Standorte

Logistikzentren

64 Mio. EUR

Energieausweise mit hoher Energieeffizienz

Green Bond-fähig



Viktoria Karree

Bochum

Einkaufs-/ Dienstleistungszentrum

116 Mio. EUR

Energieausweis mit hoher Energieeffizienz

Green Bond-fähig



Am Tacheles

Berlin

Mischnutzung

115 Mio. EUR

Energieausweis mit hoher Energieeffizienz

Green Bond-fähig



Woodwork

Paris

Bürogebäude

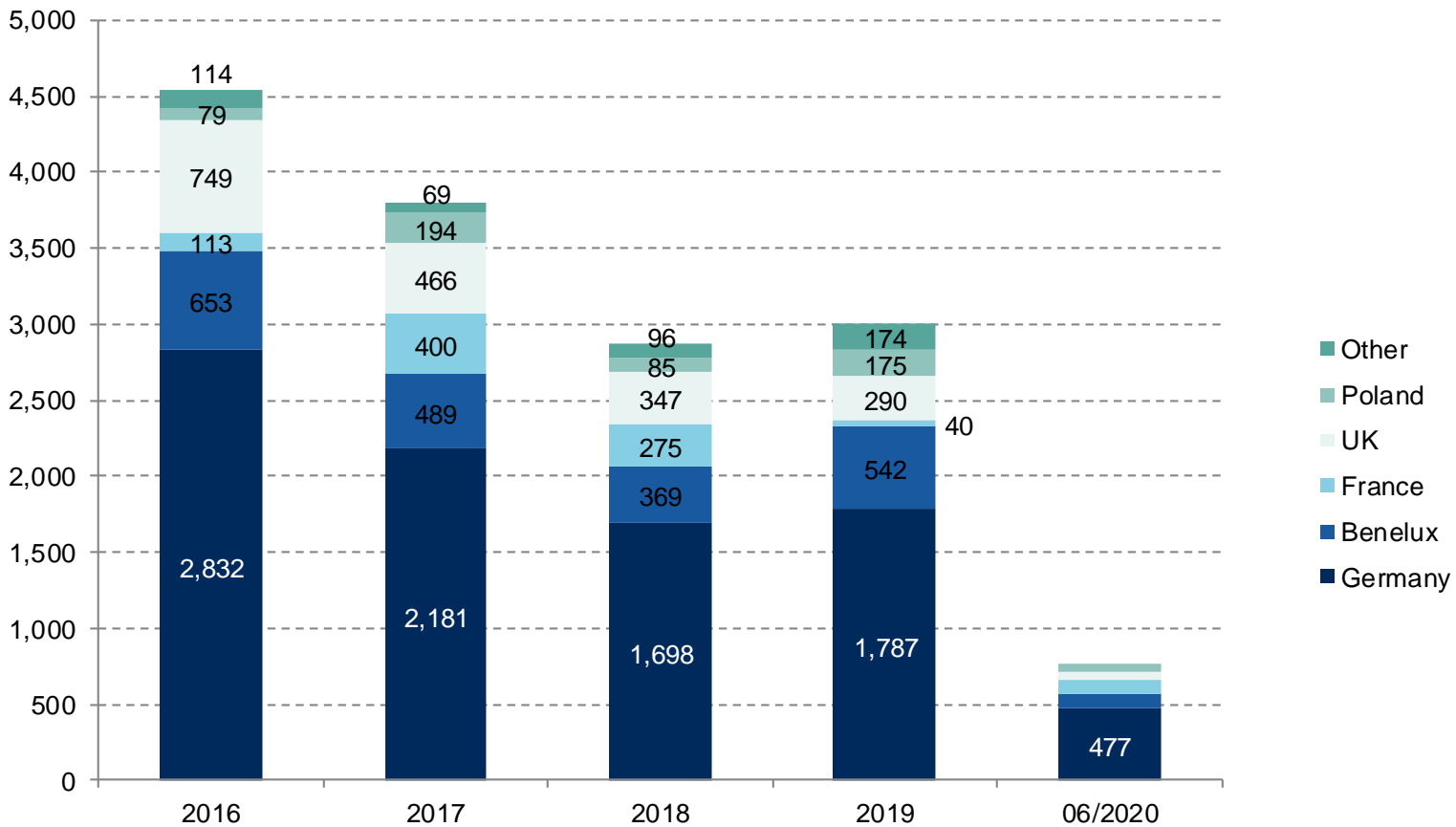
37 Mio. EUR

HQE Très Performant (angestrebt)

Green Bond-fähig



New business by region (in € mn)



*06/2020: Benelux € 84 mn, France € 95 mn, UK 56 € mn, Poland € 54 mn.

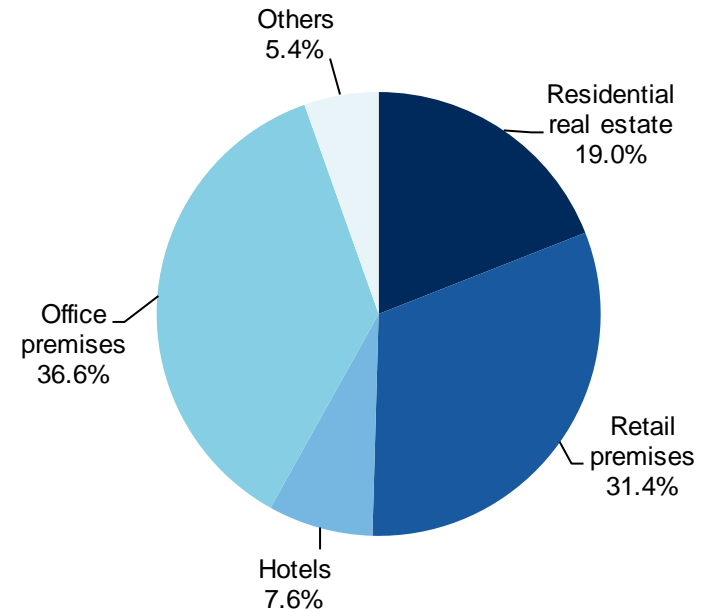
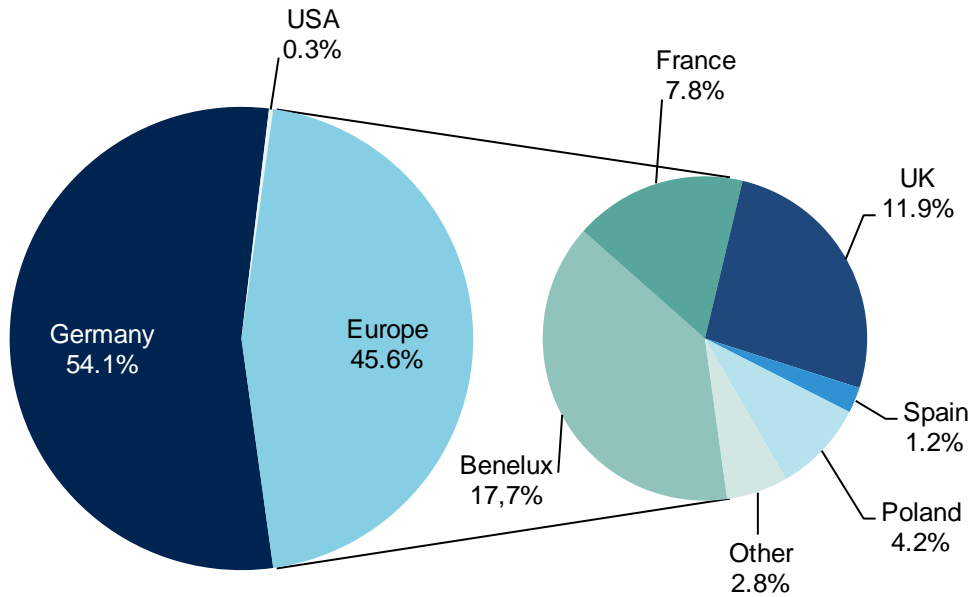


Portfolio

Regional breakdown

Breakdown by property type

Total exposure of € 11,655 mn as at 30.06.2020

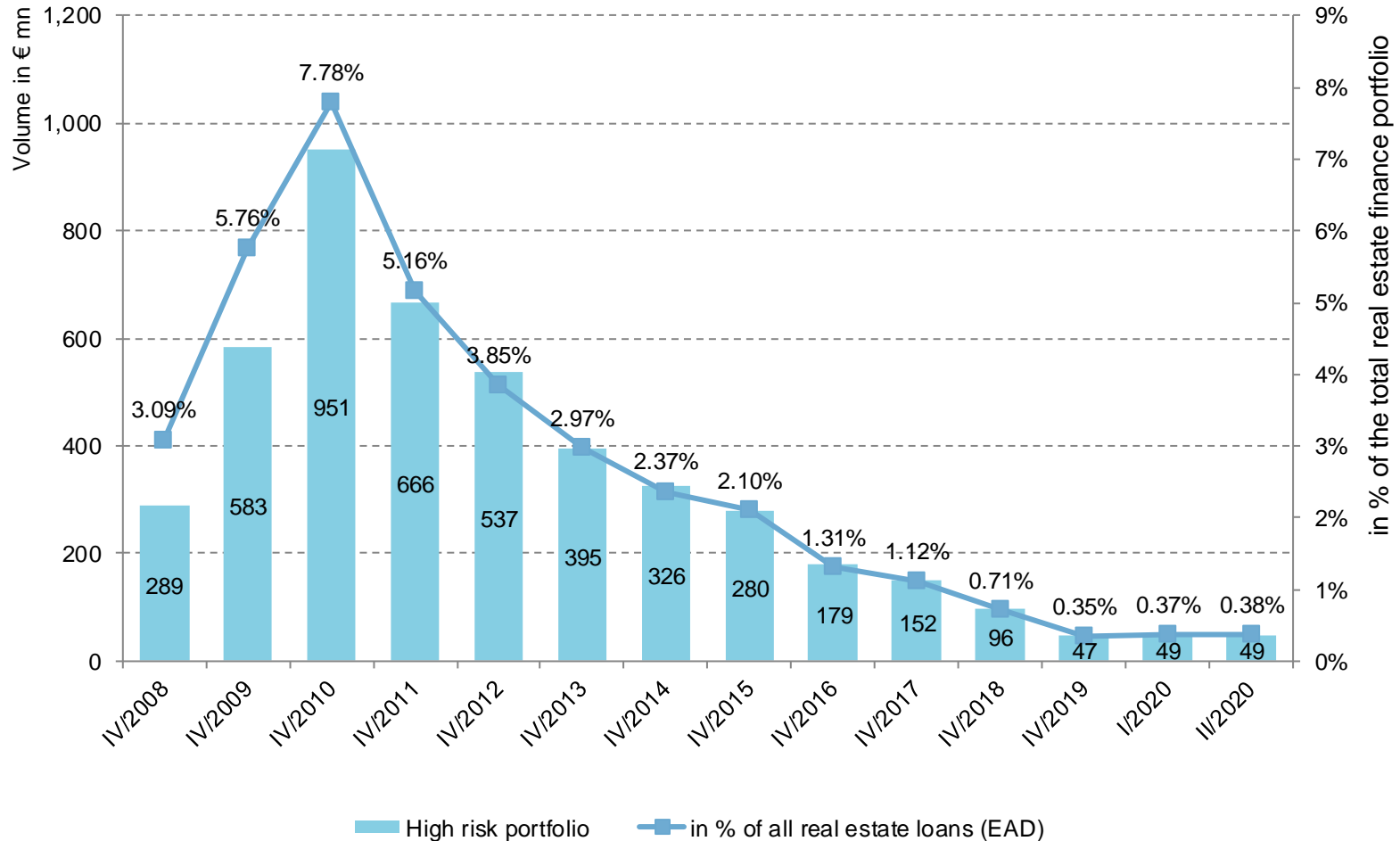


Average LTV, weighted using the market value: 52.7%

Average LTV, weighted using the mortgage lending value: 82.4%



Restructuring / unwinding of special loans portfolio

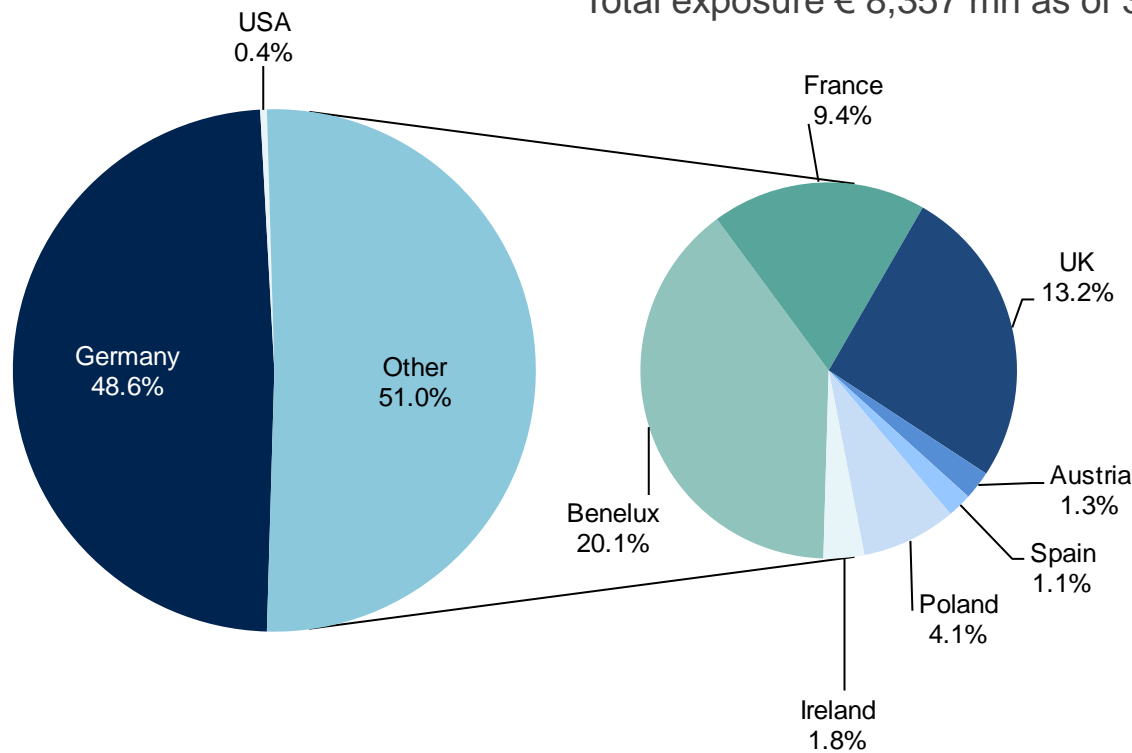


* rating categories 16 to 18 according to DSGVO

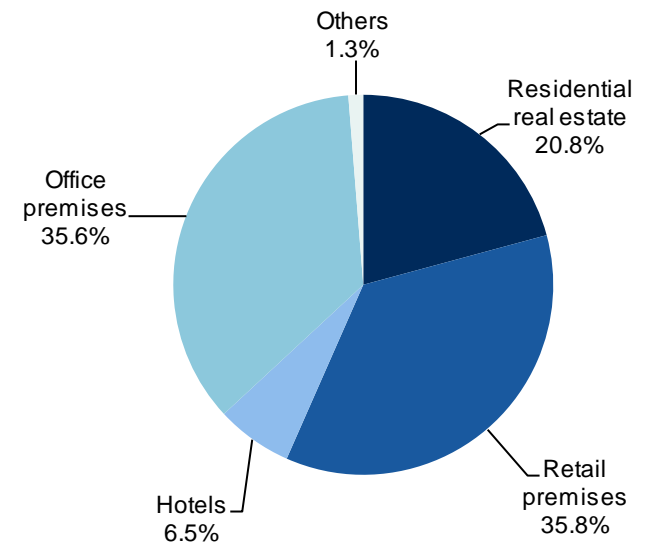


Collateral pool without auxiliary collateral under Section 19 PfandBG

Collateral pool by region



Collateral pool by property type



Average LTV, weighted using the market value: 38.5%

Average LTV, weighted using the mortgage lending value: 57.7%



Investor participation as a competitive advantage

- Expansion of business activities
- Close cooperation with selected investors
- Deutsche Hypo as originator of commercial real estate loans
- Participation of investors in both risk and return of the (joint) reference portfolio
- Advantages for both sides:

Investor

- Direct credit claim(s)
- Real Estate collateral
- Increase of the portfolio return
- Agreed quality characteristics
- Direct influence on investments

Deutsche Hypo

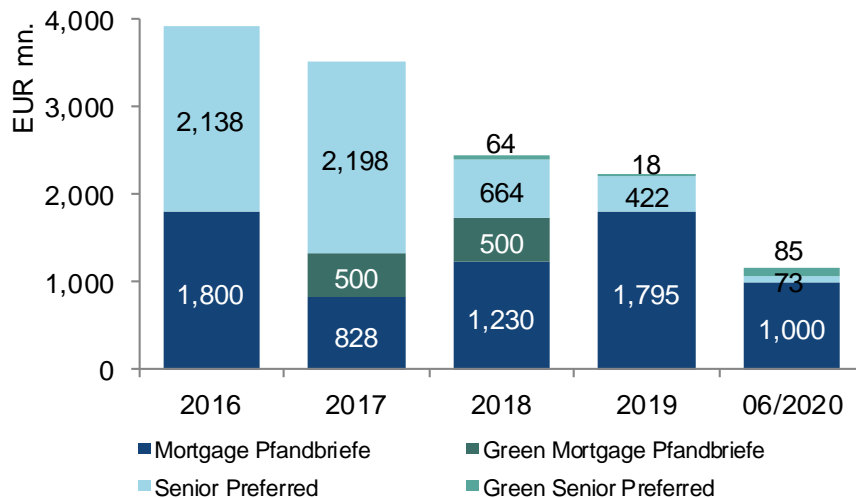
- Access to new market segments
- Can originally opt for larger bids
- Increase of the market presence
- Splitting of credit risk incl. equity relief
- Investor participation by vertical risk structure



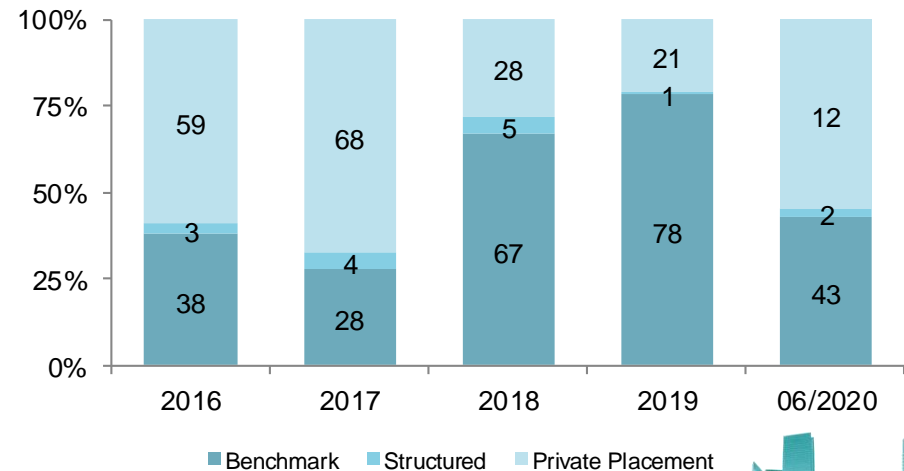
Funding philosophy and structure

- Benchmarks are an central part of the product range
- Issuance business of private placements is driven by demand
- High visibility by continuous market presence as a regular issuer of Pfandbriefe
- Extension of range of products by issuing Green Bonds (Benchmark and Private Placements)
- Permanent broadening of investor base

Funding mix in € mn



Structure breakdown in %

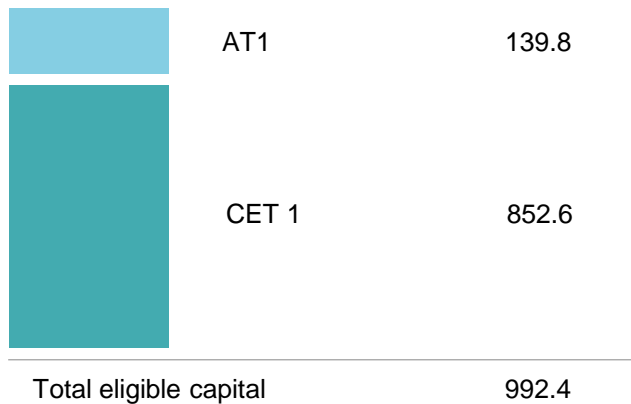


Capitalisation

For Deutsche Hypo as a subsidiary of NORD/LB, use is made of the waiver option of art. 7 para. 1 of the CRR, which allows the parent institute to exempt subsidiary institutes from some requirements at individual institute level in accordance with art. 6 para. 1 of the CRR. There is therefore no disclosure requirement at individual institute level for Deutsche Hypo.*

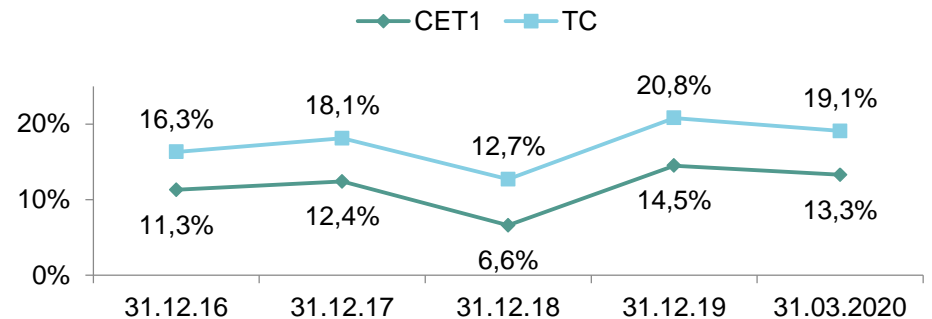
Capitalisation Deutsche Hypo**

Capital Ratio Deutsche Hypo 17.4%



Capital Ratios NORD/LB***

Increase due to capital injection



* Cf. pg. 22, 244 et seq. NORD/LB Group Annual Report 2019 ** As of 30.12.2019

*** https://www.nordlb.de/fileadmin/redaktion_en/branchen/investorrelations/presentationen/NORDLB_Group_Presentation.pdf



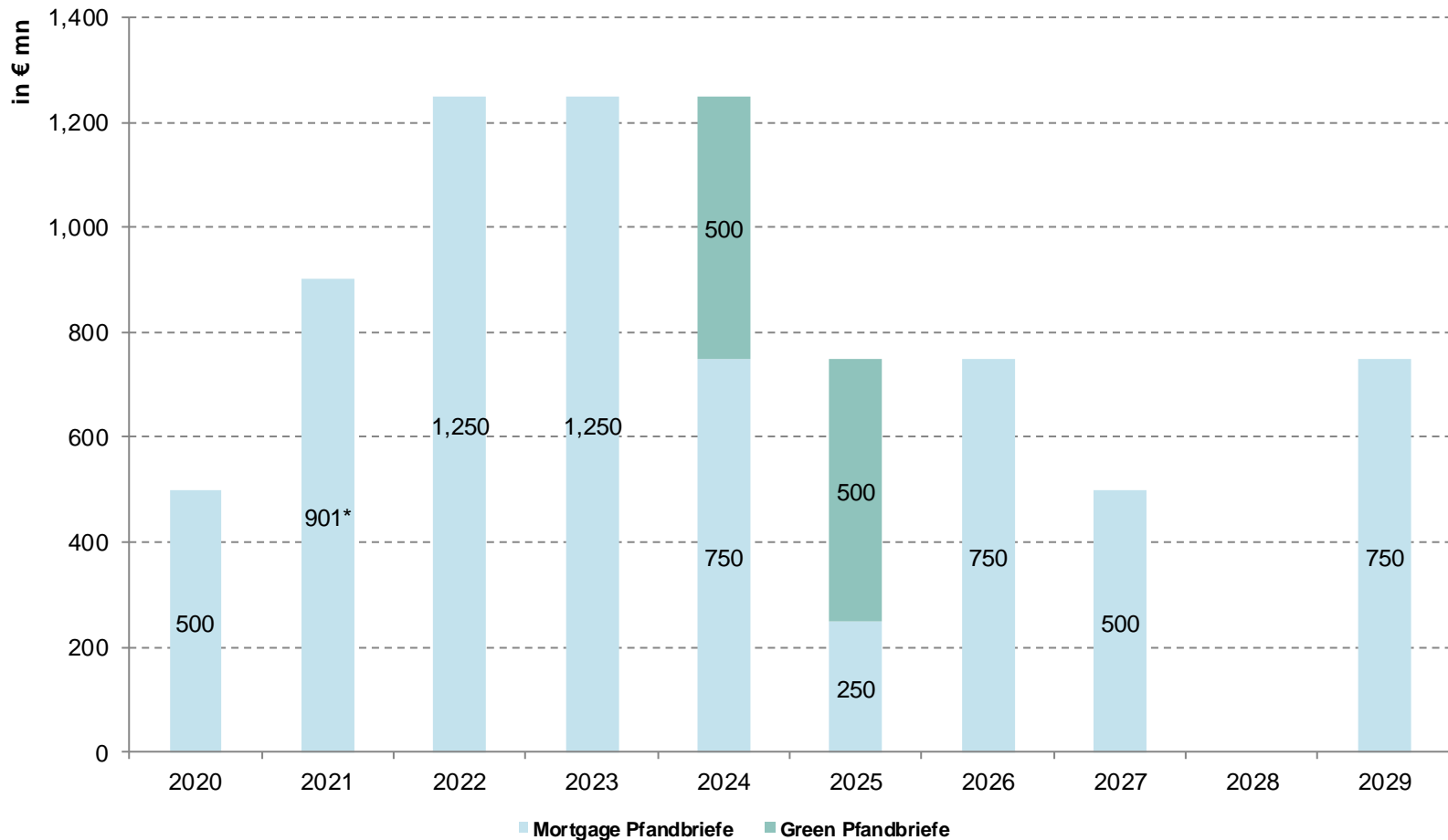


Bechmark transactions

<p>DEUTSCHE/HYPO Ein Unternehmen der NORD/LB</p> <p>EUR 750,000,000 Mortgage Pfandbrief</p> <p>10 years Maturity 05.03.2029 ISIN DE000DHY5025</p> <p>Lead Managers DZ Bank, Helaba, NATIXIS, NORD/LB, UniCredit</p> <p>2019</p>	<p>DEUTSCHE/HYPO Ein Unternehmen der NORD/LB</p> <p>EUR 750,000,000 Mortgage Pfandbrief (Tap)</p> <p>7 years Maturity 29.06.2026 ISIN DE000DHY4960</p> <p>Lead Managers Commerzbank, Crédit Agricole CIB, Helaba, NORD/LB, UniCredit</p> <p>2018/2019</p>	<p>DEUTSCHE/HYPO Ein Unternehmen der NORD/LB</p> <p>EUR 750,000,000 Mortgage Pfandbrief (Tap)</p> <p>6 years Maturity 20.06.2025 ISIN DE000DHY4861</p> <p>Lead Managers Deutsche Bank, DZ Bank, HSBC NORD/LB, UniCredit + Bankhaus Lampe (Co-Lead)</p> <p>2017/2019</p>	<p>DEUTSCHE/HYPO Ein Unternehmen der NORD/LB</p> <p>EUR 500,000,000 Mortgage Pfandbrief</p> <p>3 years Maturity 12.09.2022 ISIN DE000DHY5066</p> <p>Lead Managers ABN Amro, Commerzbank, DZ Bank, NatWest Markets, NORD/LB</p> <p>2019</p>	<p>DEUTSCHE/HYPO Ein Unternehmen der NORD/LB</p> <p>EUR 500,000,000 Mortgage Pfandbrief</p> <p>7 years Maturity 18.02.2027 ISIN DE000DHY5074</p> <p>Lead Managers DZ Bank, NATIXIS, HSBC, NORD/LB, UniCredit + Bankhaus Lampe (Co-Lead)</p> <p>2020</p>
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Benchmark maturities Mortgage Pfandbriefe



* Including one GBP-issuance



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