



# Investor Presentation

*Berlin, May 2023*



# Agenda

1. Our Ratings
2. Sustainability
3. Legal aspects
4. Berlin
5. Business model
6. Financial year 2022
7. Market funding
8. Contacts

# Our Ratings

Good rating by Moody's\*

In the banking sector, a top credit in Germany

Outlook stable

Issuer	Moody's	Moody's
	Landesbank Berlin	Berliner Sparkasse
<b>Ratings</b>		
Deposit Rating	Aa3	Aa3
Senior Preferred	Aa3	Aa3
Senior Non-Preferred	A3	--
Outlook	stable	stable
Short Term Rating	P-1	P-1
Subordinated Rating	A3	--
<hr/>		
<b>Individual Ratings</b>		
Baseline Credit Assessment	baa1	---
<hr/>		
<b>Covered Bonds</b>		
Public Sector Pfandbriefe	Aaa	---
Mortgage Pfandbriefe	Aaa	---
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\*) <https://www.lbb.de/moodys-00000000a10db21>

# Sustainability

## Sustainable action as a cornerstone:

### Ethics guideline

### Several voluntary commitments

### Three foundations

- Sustainability has been one of the cornerstones of Berliner Sparkasse for more than 200 years
- Ethics guideline for employees and service providers
- Several voluntary commitments: Diversity Charter, Alliance against Homophobia, Equality Wins, REGENBOGENFONDS, German Savings Banks' voluntary commitment to climate-friendly and sustainable business practices.
- Pre-project launched: Focus on regulatory and customer support to become more sustainable
- Three foundations with different priorities (equal opportunities for children and young people, art and medicine) as well as broad-based social commitment



# Legal aspects

## Berliner Sparkasse:

Branch of Landesbank  
Berlin AG (LBB AG)

Institution under public law  
with partial legal capacity -  
LBB AG is the govern-  
mentally appointed sponsor  
of “Berliner Sparkasse”  
(BSK).

„Berliner Sparkasse“ (BSK) is a public sector savings bank in the form of a public-law institution with partial legal capacity (Berlin Sparkasse Act, Sect. 3 Subsect. 1 and 2)

Landesbank Berlin AG (LBB AG) is a non-listed joint stock company and a credit institution within the meaning of the German Banking Act (KWG). It is the governmentally appointed sponsor of “Berliner Sparkasse” (Berlin Sparkasse Act, Sect. 3 Subsect. 2 and 3). For that reason all assets and liabilities of „Berliner Sparkasse“ are legally related to LBB AG.

In terms of commercial law „Berliner Sparkasse“ is managed as a branch of Landesbank Berlin AG, recorded in the trade register.

Having started in 2014, LBB AG exclusively employs the brand „Berliner Sparkasse“ for all customer-related activities except for its nation-wide credit card business and treasury management.

The legal structure of LBB AG as a public limited company and governmentally appointed sponsor of „Berliner Sparkasse“ is not affected by that switch in brands for the customer-related activities of the bank.

# History of Berliner Sparkasse

**1818** Foundation of Berliner Sparkasse

**1920** “Groß-Berlin“ emerges, merger to form the Savings Bank of the City of Berlin

**1948** Division into Eastern and Western company

**1978** First ATM at the savings bank in the western part of the city

**1989** Payment of 100 Deutsch-Marks „welcome money“ to GDR citizens

**1990** Reunification to form Berliner Sparkasse as part of Landesbank Berlin

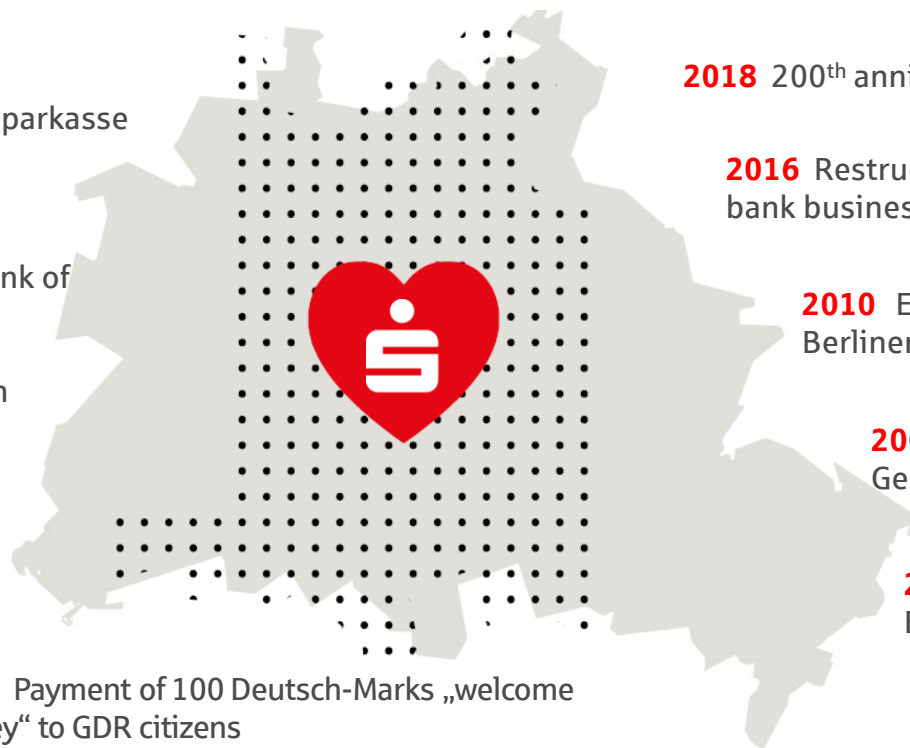
**2018** 200<sup>th</sup> anniversary

**2016** Restructuring of LBB to a savings bank business model completed

**2010** Establishment of the Berliner Sparkasse Foundation

**2007** Acquisition of LBB by the German savings banks

**2001** Crisis of Bankgesellschaft Berlin also affects LBB

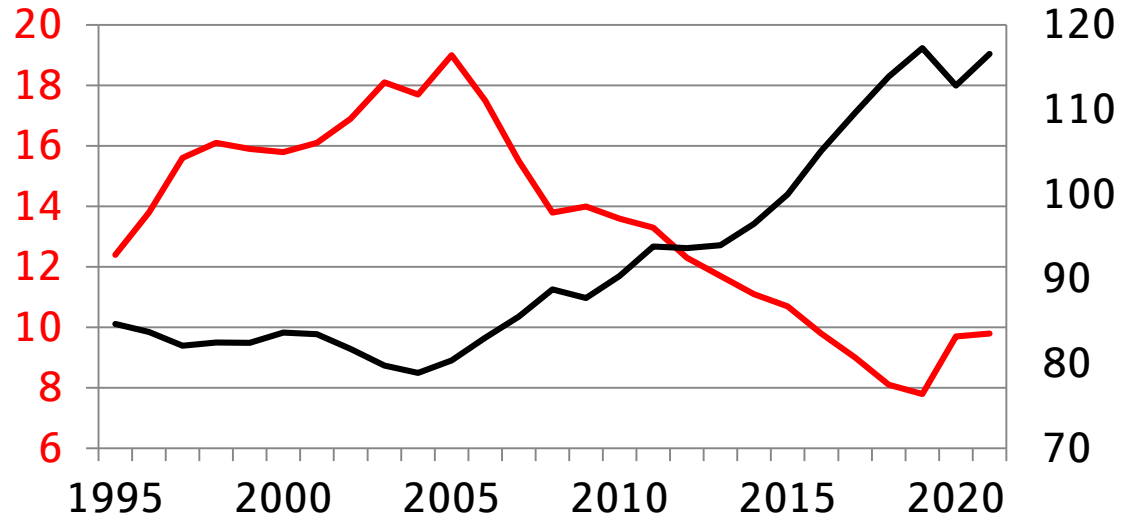


# Berlin



Flag of Berlin\*

- Above-average GDP growth since 2005
- Increasing employment
- Covid19 effects in 2020, catch up effect 2021
- Attractive business location



Unemployment rate (red, left-hand scale) and price-adjusted GDP index (black, right-hand scale)

Source: Berlin-Brandenburg Office for Statistics

\*) The depiction of the Berlin state flag in this presentation is in accordance with the implementation regulations of the law on the national emblems of the state of Berlin (Art. II No. 5).

# Berlin



The Berlin coat of arms\*

- Federal capital and seat of government
- Most populated and largest municipality of Germany
- Growing city with 3.8 million residents
- 4 public universities, 11 public universities of applied sciences, approx. 30 private universities
- Emerging international hotspot for innovative start-ups
- Berlin is a service location
- Key industries are environmental technology, medical technology, biotechnology, media and communications, transport technology, creative and cultural industries and tourism

\*) The depiction of the Berlin coat of arms in this presentation is done in accordance with the implementation regulations of the law on the emblems of the state of Berlin for purely artistic purposes (Art. I No. 3).

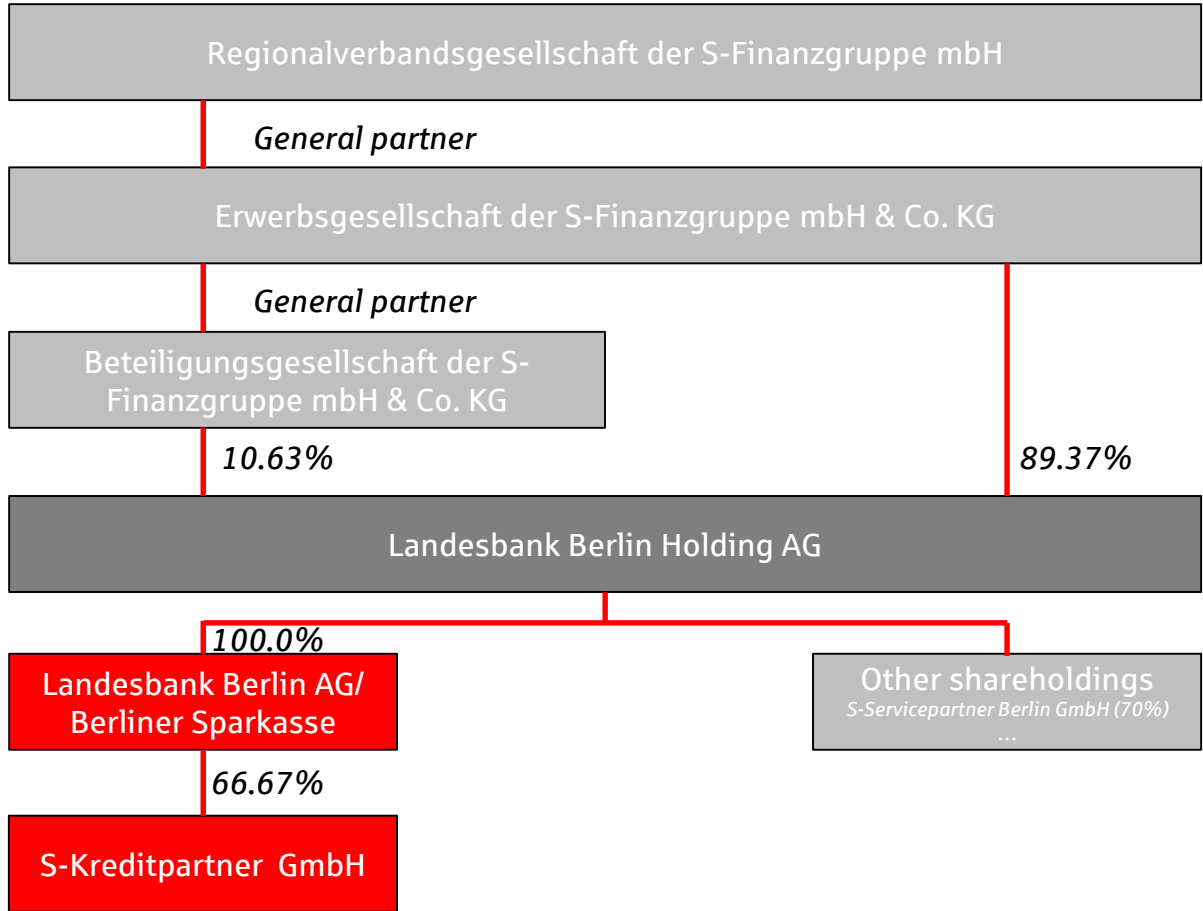


# Business model

## Owner structure

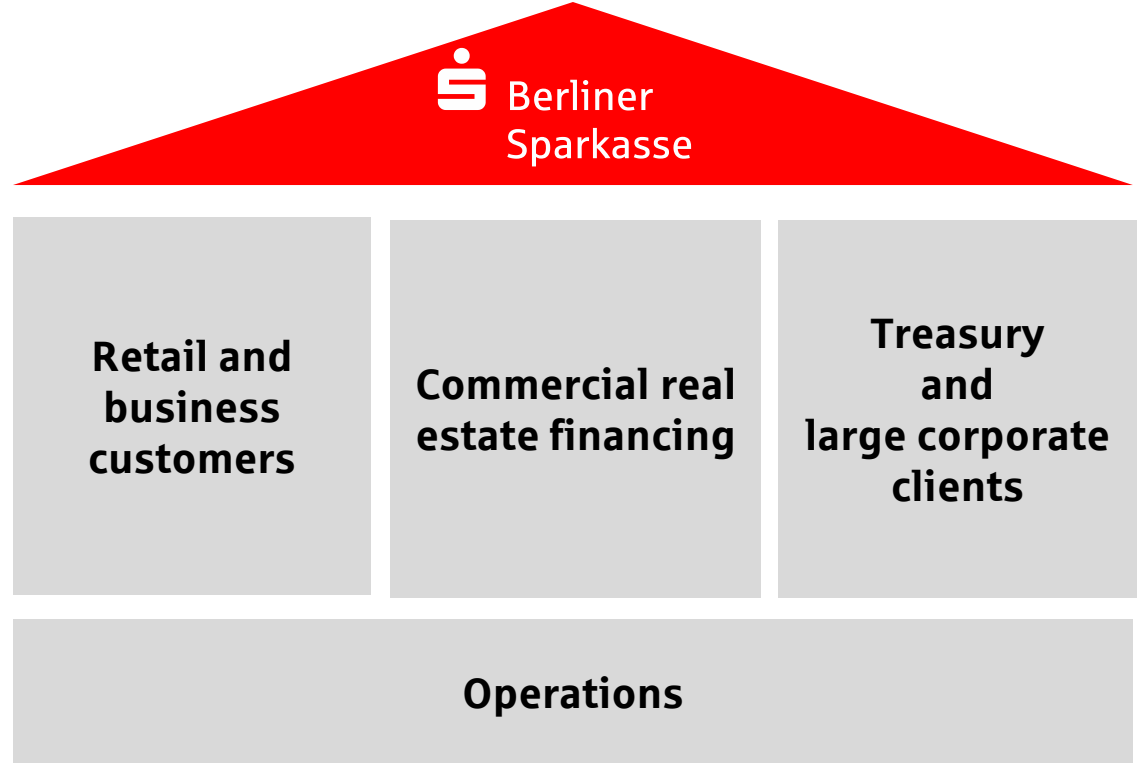
LBB/BSK is fully owned by the German Savings Banks.

LBB/BSK is member of the joint liability scheme of S-Finanzgruppe.



# Business modell

## Overview



# Business model

## Retail customers



- almost 50 percent of Berliners are customers of Berliner Sparkasse
- more than 80 branches and 800 self-service devices throughout Berlin
- 15 mobile locations: "Justav" buses as well as "red desks" at partners such as shopping centers
- Mobile consulting for selected clients
- special location for young customers
- "Contact Center" for telephone inquiries
- Modern services such as video consultation and legitimation, eID and online account switching service
- Repeatedly awarded savings bank apps (Stiftung Warentest 01/2022: rating "good")
- Mobile payment via smartphone
- trained financial consultants for private banking

# Business model

## Business customers

- Almost every third Berlin company is our customer
- Consulting in 5 branches („FirmenCenter“) and by telephone via the “BusinessLine”, corporate customer teams in the neighborhood
- Expertise in areas such as leasing, digitalization, payment transactions
- Expertise in future-oriented industries such as healthcare, energy, infrastructure
- Industry expertise: retail and hospitality, handicrafts, start-ups, digital economy, media and creative industries, healing professions
- Global network with over 700 banking partners supports international expansion of customers
- new lending business 2022: around EUR 1.2 billion

# Business model

## Commercial real estate financing



- Berliner Sparkasse funds the majority of key construction projects in Berlin
- Total loan volume in 2021 at 13 billion euros distributed among more than 2,500 customers
- 2.55 billion euros of new business in 2022
- Among the TOP 10 relevant German real estate financiers since 2015 (REB market study)
- regional expertise and one of the leading financiers in Berlin
- Focus areas: Multi-family, office and retail/logistics
- Key clients: Investors, housing companies, investment companies, property developers
- More information and sample projects at:  
<https://www.berliner-sparkasse.de/fi/home/produkte/gewerbliche-immobilienfinanzierung.html>

# Business model

## Treasury and large corporate clients

- Treasury
  - Access to money and capital markets
  - Securing solvency
  - Management of interest rate and liquidity risks
  - Asset allocation and liquidity reserve
  - Funding supplementary to customer deposits
  - Expertise in all secured and unsecured treasury products
- Large corporate clients
  - Business with large corporate customers and public sector institutions

# Financial year 2022

## Business performance\*

- In 2022, LBB/BSK achieved a result significantly above the level of the previous year. The main reasons for this were the higher interest rate level and the introduction of higher fees for customer accounts. Net interest income and net fee and commission income increased by EUR 45 million and EUR 26 million, respectively.
- A better-than-expected annual result of EUR 132 million was achieved (2021: EUR 42 million).
- Own funds were strengthened by an addition of EUR 70 million to the fund for general banking risks.
- The existing macroeconomic risks were taken into account by additional general allowances.
- Capitalization remained very solid with a CET1 ratio of 18.9% (2021: 18.6%).

# Financial year 2022

Figures as of 31.12.2022  
Profit and Loss statement  
(German GAAP)\*

EUR (mn)	31.12.2022	31.12.2021
Net interest income	817	772
Net commission income	274	248
Operating expenses	-804	-852
Risk provisioning	-129	105
Operating income	196	253
Income from investments	5	1
Fund for Gen. Banking risk	-70	-213
Profit before income tax	131	41
<b>Profit after income tax</b>	<b>132</b>	<b>42</b>

\*) [https://www.berliner-sparkasse.de/content/dam/myif/berliner-sk/work/dokumente/pdf/pressecenter/23-03-30\\_Jahresabschluss.pdf?n=true](https://www.berliner-sparkasse.de/content/dam/myif/berliner-sk/work/dokumente/pdf/pressecenter/23-03-30_Jahresabschluss.pdf?n=true)  
08.05.2023

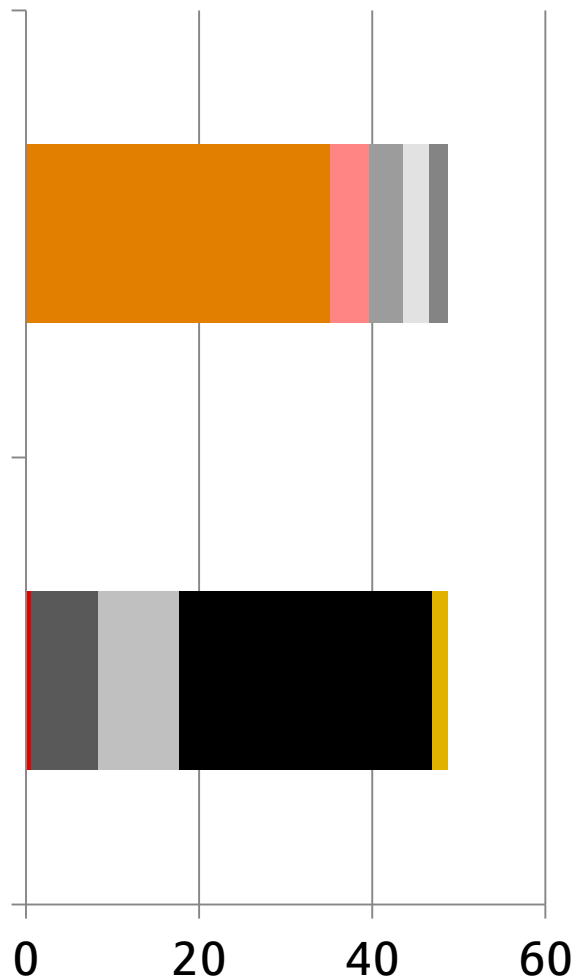


# Financial year 2022

Selected balance  
sheet items  
(as of 31.12.2022)\*

Liabilities

Assets



- Cash / CB
- Securities
- Due from banks
- Due from clients
- Other assets
- Deposits
- ECB / Banks
- Own issues
- Equity
- Other liabilities

\*) <https://www.lbb.de/finanzberichte>

# Financial year 2022

Figures as of 31.12.2022  
Capitalisation\*

<b>CET1 ratio</b>	<b>18.9 %</b>
<b>Total capital ratio</b>	21.5 %
<b>CET1 capital (EUR bn)</b>	2.6
<b>T2 capital (EUR bn)</b>	0.4
<b>Total capital (EUR bn)</b>	3.0

# Financial year 2022

Figures as of 31.12.2022  
Liquidity\*

- LBB AG/BSK operates forward-looking liquidity planning and maintains a liquidity reserve to ensure daily ability to pay.
- Despite an early repayment of EUR 6.05 billion of funds from the ECB's TLTRO III refinancing program on December 21<sup>st</sup> 2022, LBB AG/BSK's liquidity ratios were adequate at year-end 2022:

<b>Liquidity coverage ratio (LCR)</b>	<b>160 %</b>
<b>Net stable funding ratio (NSFR)</b>	<b>131 %</b>

\*) <https://www.lbb.de/finanzberichte>  
08.05.2023

# Market funding

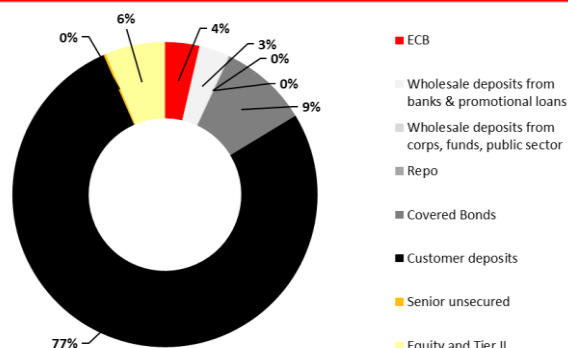
## Strategy and products

- Our customer deposits are the most important component of our refinancing.
- Our borrowings on the capital market supplement our deposit refinancing. The amount and the products used are based on the requirements resulting from our business activities.
- LBB AG/BSK can cover a spectrum of classic fixed-income products:
  - Senior Preferred, Senior Non-Preferred and Tier 2 in the form of promissory notes, registered or bearer bonds
  - Pfandbriefe (registered and bearer)
  - Individual issues / Taps
  - Listing of bearer bonds on the Berlin Stock Exchange

# Market funding

## Complementing deposit refinancing

### Funding mix LBB/BSK (31.12.2022)



Total: EUR 46.6 bn (ex: accrued/deferred items, provisions, other liabilities) / 31.12.2022 / BSK- TR

- Our funding structure is strongly characterised by customer deposits (YE 2022: more than three quarters).
- Market funding activities are therefore strategically targeted at complementary borrowings. These can have various reasons, such as:
  - Capital ratio management
  - Management of the MREL ratio
  - Funding structure / income optimization
- Examples
  - 2019: Tier 2 issuance (capital ratio)
  - 2020: TLTRO III take-up (earnings aspect)
  - 2023: Non-Preferred Senior Funding (MREL)
- For the pure management of the liability structure, we rely on our Pfandbriefe as an anchor product. Since 2015, we have regularly acted as an issuer in the sub-benchmark segment.

# Market funding

## Funding activities since early 2022

- Since the beginning of 2022, LBB AG/BSK has been active in both the covered and senior bond markets.
- We are the second-largest issuer of sub-benchmarks of the Pfandbrief banks organized in the vdp.
- Since 2023, we have also been active again with senior funding after a longer break, currently exclusively in the "non-preferred" segment.
- In total, the funding volume generated since the beginning of 2022 amounts to EUR 1.20 billion:

Date	ISIN	Term	Size (mn EUR)	Product	Leads
31.01.2022	DE000A162BD0	10 years	250	Hypfe	Deka (sole)
05.08.2022	DE000A162BE8	2 years	25	Hypfe	DZ
17.08.2022	DE000A162BF5	3.7 years	300	Hypfe	Deka, Helaba
23.08.2022	DE000A162BE8	2 years	75 (Tap)	Hypfe	SocGen
13.10.2022	DE000A162BG3	4.5 years	250	Hypfe	DZ, NordLB
09.01.2023	DE000A162BH1	4 years	50	NPS	Deka
27.02.2023	DE000A162BJ7	3 years	250	NPS	DZ, NordLB, Helaba

# Market funding

## LBB AG/BSK as a Pfandbrief Issuer

- LBB AG/BSK has been a Pfandbrief issuer for 30 years. It is a member of the Association of German Pfandbrief Banks and issues Mortgage Pfandbriefe and Public Sector Pfandbriefe (focus: Mortgage Pfandbriefe).
- The issuer of the Pfandbriefe is Landesbank Berlin AG for legal reasons.
- These LCR-eligible Pfandbriefe are outstanding:

ISIN	Maturity	Size (mn EUR)	Leads
DE000A162BA6	27.11.2023	250	Deka (sole)
DE000A162A34	14.05.2024	250	LBB, NordLB
DE000A13SNL0	14.01.2025	250	LBB, Deka
DE000A162BB4	17.07.2025	250	NordLB (sole)
DE000A162AZ5	12.01.2026	250	LBB, Deka
DE000A162BF5	15.05.2026	300	Deka, Helaba
DE000A162A26	16.09.2026	300	Deka, LBB (no books)
DE000A162BG3	20.04.2027	250	DZ Bank, NordLB
DE000A162A59	25.10.2027	300	Deka, LBB (no books)
DE000A162A75	15.09.2028	250	Deka, LBB (no books)
DE000A162BC2	24.01.2031	250	Deka, Helaba
DE000A162BD0	06.02.2032	250	Deka (sole)

# Market funding

## Allocation policy

- In the case of bond issues with bookbuilding, the allocation in the event of oversubscription follows pre-defined guidelines:

<b>Preferential allocation</b>	<b>No preferential allocation</b>
Early order placement	Late Orders before book closing
Orders at re-offer	Strictly limited orders
Orders from the S-Finanzgruppe	Trading accounts
Buy-and-hold investors	Highly inflated orders
Personally mentored investors	Opportunistic buyers
New investors	
Small orders up to EUR 3mn	
Well established senior investors	



# Thank you.

## Contacts

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