

FINANCIAL STATEMENTS

58	Balance Sheet
60	Profit and Loss Account
61	Statement of Changes in Equity
62	Cash Flow Statement
63	Notes to the Financial Statements
63	General Notes
67	Notes to the Balance Sheet
78	Notes to the Profit and Loss Account
80	Coverage
87	Other Information on the Annual Financial Statements

FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 DECEMBER 2021

ASSETS

	€ 000's	Note	€ 000's	31 Dec 2021 € 000's	31 Dec 2020 € 000's
CASH FUNDS				24	30
a) Cash on hand			1		3
b) Balances with central banks			23		27
of which: with Deutsche Bundesbank	(23)				(27)
LOANS AND ADVANCES TO BANKS		(4)		3,931,146	4,783,953
a) Mortgage loans			15,771		18,647
b) Loans to local authorities			103,886		207,371
c) Other loans and advances			3,811,489		4,557,935
of which: payable on demand	1,035,456				(799,157)
LOANS AND ADVANCES TO CUSTOMERS		(4)		67,352,437	66,123,645
a) Mortgage loans			52,824,684		50,608,680
b) Loans to local authorities			11,803,601		12,755,182
c) Other loans and advances			2,724,152		2,759,783
BONDS AND OTHER FIXED-INCOME SECURITIES		(6)		9,834,203	10,517,699
a) Bonds and debt securities			(8,301,440)		(8,963,846)
aa) Public-sector issuers			5,981,490		6,272,680
of which: securities eligible as collateral with Deutsche Bundesbank	5,213,598				(5,510,898)
ab) Other issuers			2,319,950		2,691,166
of which: securities eligible as collateral with Deutsche Bundesbank	1,882,810				(2,205,886)
b) Own bonds issued			1,532,763		1,553,853
Nominal amount	1,527,445				(1,549,783)
PARTICIPATIONS		(6)		911	911
INVESTMENTS IN AFFILIATED COMPANIES		(6)		1,566	1,566
TRUST ASSETS		(7)		26,333	28,369
of which: trustee loans	8,233				(10,270)
INTANGIBLE FIXED ASSETS		(6)		2,556	3,913
a) Concessions, industrial property rights and similar rights and assets, as well as licences in such rights and assets			2,556		3,703
b) Advance payments made			-		210
TANGIBLE FIXED ASSETS		(6)		209,275	199,605
OTHER ASSETS		(8)		63,373	38,141
PREPAID EXPENSES		(10)		208,915	222,142
a) From new issues and lending			207,410		221,286
b) Other			1,505		856
TOTAL ASSETS				81,630,739	81,919,974

BALANCE SHEET AS AT 31 DECEMBER 2021
LIABILITIES AND EQUITY

	€ 000's	Note	€ 000's	31 Dec 2021 € 000's	31 Dec 2020 € 000's
LIABILITIES TO BANKS		(13)		31,834,208	31,172,353
a) Outstanding Registered Mortgage Pfandbriefe (Hypotheken-Namenspfandbriefe)			1,591,199		1,719,298
b) Outstanding Registered Public Pfandbriefe (öffentliche Namenspfandbriefe)			1,056,017		916,010
c) Other liabilities			29,186,992		28,537,045
of which: payable on demand	122,273				(25,325)
LIABILITIES TO CUSTOMERS		(13)		13,813,942	15,770,415
a) Outstanding Registered Mortgage Pfandbriefe (Hypotheken-Namenspfandbriefe)			5,009,005		5,437,745
b) Outstanding Registered Public Pfandbriefe (öffentliche Namenspfandbriefe)			7,217,711		8,404,249
c) Other liabilities			1,587,226		1,928,421
of which: payable on demand	450,463				(477,788)
SECURITISED LIABILITIES					
BONDS ISSUED		(13)		32,510,068	31,655,495
a) Mortgage Pfandbriefe (Hypothekenpfandbriefe)			26,803,519		26,040,201
b) Public Pfandbriefe (öffentliche Pfandbriefe)			4,146,547		3,818,873
c) Other debt securities			1,560,002		1,796,421
TRUST LIABILITIES		(7)		26,333	28,369
of which: trustee loans	8,233				(10,270)
OTHER LIABILITIES		(14)		315,772	281,202
DEFERRED INCOME		(10)		272,762	290,116
a) From new issues and lending			272,762		290,116
PROVISIONS				268,323	260,443
a) Provisions for pensions and similar obligations			215,056		198,083
b) Provisions for taxes			4,776		4,839
c) Other provisions			48,491		57,521
SUBORDINATED LIABILITIES		(15)		35,000	54,250
FUND FOR GENERAL BANKING RISKS				792,000	645,000
EQUITY				1,762,331	1,762,331
a) Subscribed capital		(16)	(784,990)		(784,990)
aa) Share capital			149,990		149,990
ab) Silent partnership contributions			635,000		635,000
b) Capital reserves			884,196		884,196
c) Retained earnings			(93,145)		(93,145)
ca) Legal reserves			945		945
cb) Other retained earnings			92,200		92,200
TOTAL EQUITY AND LIABILITIES				81,630,739	81,919,974
CONTINGENT LIABILITIES		(17)			
Liabilities from guarantees and indemnity agreements				402,250	537,762
OTHER COMMITMENTS		(18)			
Irrevocable loan commitments				7,330,748	5,353,019

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2021

	€ 000's	Note	€ 000's	2021 € 000's	2020 € 000's
INTEREST INCOME FROM					
a) Lending and money market transactions			1,500,282		1,504,112
b) Fixed-income securities and debt register claims			248,024		264,518
				1,748,306	1,768,630
INTEREST EXPENSES				1,083,397	1,166,477
				664,909	602,153
CURRENT INCOME FROM PARTICIPATIONS				9	132
INCOME FROM PROFIT-POOLING, PROFIT TRANSFER OR PARTIAL PROFIT TRANSFER AGREEMENTS				3,732	3,116
COMMISSION INCOME			55,508		38,571
COMMISSION EXPENSES			93,841		76,627
NET COMMISSION RESULT				-38,333	-38,056
OTHER OPERATING INCOME		(27)		22,554	28,957
GENERAL ADMINISTRATIVE EXPENSES					
a) Staff expenses					
aa) Wages and salaries			74,957		71,806
ab) Compulsory social security contributions and expenses for pensions and other employee benefits			18,635		14,963
			93,592		86,769
of which: pension expenses	7,510				(4,691)
b) Other administrative expenses			151,164		158,446
				244,756	245,215
AMORTISATION/DEPRECIATION AND WRITE-DOWNS OF INTANGIBLE AND TANGIBLE FIXED ASSETS				6,550	6,013
OTHER OPERATING EXPENSES		(28)		22,297	20,272
WRITE-DOWNS AND VALUATION ALLOWANCES OF LOANS AND ADVANCES AND SPECIFIC SECURITIES, AS WELL AS ADDITIONS TO LOAN LOSS PROVISIONS				34,973	54,504
AMORTISATION AND WRITE-DOWNS ON PARTICIPATIONS INTERESTS, SHARES IN AFFILIATED COMPANIES, AND INVESTMENT SECURITIES				4,937	-6,544
ADDITIONS TO THE FUND FOR GENERAL BANKING RISKS				147,000	78,000
RESULT FROM ORDINARY ACTIVITIES				192,358	198,842
INCOME TAXES		(29)	125,195		125,348
OTHER TAXES NOT DISCLOSED UNDER "OTHER OPERATING EXPENSES"			261		703
				125,456	126,051
PROFITS TRANSFERRED UNDER PROFIT TRANSFER AGREEMENTS				52,200	57,000
PROFITS TRANSFERRED UNDER PARTIAL PROFIT TRANSFER AGREEMENTS				14,702	15,791
NET INCOME				-	-

STATEMENT OF CHANGES IN EQUITY

	31 Dec 2020	Issue of shares	Dividends paid	Net income/ loss	Transfers to/ from retained earnings	Other changes	31 Dec 2021
	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's	€ 000's
SUBSCRIBED CAPITAL	(784,990)	-	-	-	-	-	(784,990)
- Share capital	149,990	-	-	-	-	-	149,990
- Silent partnership contributions	635,000	-	-	-	-	-	635,000
CAPITAL RESERVES	(884,196)	-	-	-	-	-	(884,196)
- Premium at issuance	408,590	-	-	-	-	-	408,590
- Other payments	475,606	-	-	-	-	-	475,606
RETAINED EARNINGS	(93,145)	-	-	-	-	-	(93,145)
- Legal reserves	945	-	-	-	-	-	945
- Other retained earnings	92,200	-	-	-	-	-	92,200
- Net retained profit	-	-	-	-	-	-	-
EQUITY	1,762,331	-	-	-	-	-	1,762,331

CASH FLOW STATEMENT

€ mn	2021	2020
- RESULT FROM ORDINARY ACTIVITIES	192	199
OTHER TAXES NOT DISCLOSED UNDER 'OTHER OPERATING EXPENSES'	0 ^{*)}	-1
PROFIT OR LOSS FOR THE PERIOD (NET INCOME/LOSS BEFORE TAXES AND PROFIT TRANSFER)	192	198
+/- Amortisation/depreciation, write-downs and write-ups on loans and advances, and non-current assets	33	57
+/- Increase/decrease in provisions	12	10
+/- Other non-cash expenses/income	237	-1
-/+ Profit/loss from the disposal of non-current assets	-4	0 ^{*)}
-/+ Other adjustments (net balance)	-3	-5
-/+ Increase/decrease in loans and advances to banks	852	544
-/+ Increase/decrease in loans and advances to customers	-1,261	-2,398
-/+ Increase/decrease in securities (excluding financial assets)	12	-1,448
-/+ Increase/decrease in other assets from operating activities	-10	-35
+/- Increase/decrease in liabilities to banks	699	682
+/- Increase/decrease in liabilities to customers	-1,924	-1,863
+/- Increase/decrease in securitised liabilities	868	3,460
+/- Increase/decrease in other liabilities from operating activities	-103	136
+/- Interest expenses/income	-669	-605
+ Interest and dividend payments received	1,773	1,863
- Interest paid	-1,167	-1,276
- Extraordinary cash payments	-4	-3
-/+ Net cash inflow/outflow from income taxes (including Group tax overheads)	-81	-16
= CASH FLOW FROM OPERATING ACTIVITIES	-548	-700
+ Receipts from the disposal of financial assets	655	804
+ Cash proceeds from the disposal of property and equipment	0 ^{*)}	0 ^{*)}
- Payments for investments in tangible fixed assets	-14	-24
- Payments for investments in intangible fixed assets	-1	-4
= CASH FLOW FROM INVESTING ACTIVITIES	640	776
- Cash outflow from profit transfer to DZ BANK (as holder of the share capital)	-57	-50
- Cash outflow from partial profit transfer to DZ BANK (as holder of the silent partnership contributions)	-16	-16
+/- (Net) cash inflow/outflow from issuance/repayment of subordinated liabilities	-19	-10
= CASH FLOW FROM FINANCING ACTIVITIES	-92	-76
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	0^{*)}	0^{*)}
+/- Cash flow from operating activities	-548	-700
+/- Cash flow from investing activities	640	776
+/- Cash flow from financing activities	-92	-76
= CASH FUNDS AT THE END OF THE PERIOD	0^{*)}	0^{*)}

*) Values less than € 0.5 million

The cash funds correspond to the balance sheet item "Cash funds" and include cash on hand and balances with central banks.

NOTES TO THE FINANCIAL STATEMENTS

GENERAL NOTES

DZ HYP AG (“DZ HYP”) has dual registered offices in Hamburg and Münster, Westphalia. DZ HYP is registered with the Commercial Register of the Hamburg Local Court (Amtsgericht Hamburg) under HRB 5604, and with the Commercial Register of the Münster Local Court (Amtsgericht Münster) under HRB 17424.

(1) General information on the preparation of financial statements

The financial statements of DZ HYP for the financial year 2021 have been prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – “HGB”). Furthermore, the financial statements are prepared in accordance with the Regulation on the Accounting of Credit Institutions and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute – “RechKredV”) and the German Banking Act (Kreditwesengesetz – “KWG”); they fulfil the requirements of the German Stock Corporation Act (Aktiengesetz – “AktG”) and the German Pfandbrief Act (Pfandbriefgesetz – “PfandBG”).

Given the non-materiality of all subsidiaries, even if considered in aggregate, in accordance with section 290 (5) in conjunction with section 296 (2) of the HGB, the company has not prepared consolidated financial statements.

All amounts have been quoted in euros, in accordance with section 244 of the HGB.

(2) Accounting policies

These annual financial statements of DZ HYP as at 31 December 2021 are generally based on the same

accounting policies as were applied in the annual financial statements as at 31 December 2020; accordingly, there were no material changes to accounting methods since then.

There was one change of presentation concerning earnings contributions from syndicated financings, according to which interest and commission income for the equity share of syndicated financings is disclosed to improve the presentation of the product-related earnings contributions. The previous year's figures were adjusted accordingly.

Loans and advances to banks/to customers

Loans and advances to banks and customers are recognised at nominal value, in accordance with section 340e (2) of the HGB. Where their stated value differs from the amount disbursed, or cost, the amount of the difference is reported under prepaid expenses or deferred income, and amortised in interest income over the term of the transaction.

Loans and advances which are fully classified as current assets are valued strictly at the lower of cost or market. All existing individual lending risks are covered by specific loss allowance and provisions.

Specific allowance is recognised when the Bank has reason to doubt the performance of a receivable, due to the difficult financial circumstances of a borrower, or in the event of insufficient collateralisation; or if there are indications that the borrower will be unable to pay interest on a sustainable basis. The same applies to contingent receivables.

When determining specific loss allowance, existing receivables as at the valuation date (including any pro-rata interest and pending items) are compared to discounted and scenario-weighted cash flows from collateral – including realisation of collateral. The uncovered portion determined in this way is written down in full. Looking at the value of collateral, no systematic, material deterioration in collateral values due to the COVID-19 pandemic has been observed to date. Inherent default risks and country risks are covered by portfolio-based loss allowances, which are derived using a model similar to the IFRS 9 impairment loss model. In connection with the COVID-19 pandemic, these risks have been analysed extensively. As a result, the exposures in the hotel and department store asset

classes were already assigned in 2020 to stage 2 of the stage concept pursuant to IFRS 9, in order to sufficiently address the increased default risk resulting from the infection rates, and the protective measures taken in response to them. Due to growing uncertainty about a generally accelerating structural change in the retail sector, this allocation to stage 2 of the IFRS 9 stage concept was extended in 2021 to include the shopping centre asset class. The macroeconomic scenarios – which are also taken into account in the calculation of loss allowance – have been adjusted as well with view to the COVID-19 pandemic. Additional loss allowances were set aside in accordance with section 340f of the HGB.

When recognising loss allowances, DZ HYP applies the option to cross-compensate all income and expense items in line with section 340f (3) as well as section 340c (2) of the HGB.

Bonds and other fixed-income securities

Bonds and debt securities held as fixed assets are measured at amortised cost; if impairments are expected to be permanent, DZ HYP recognises a write-down to the lower observable closing rate (“gemildertes Niederstwertprinzip”). Other bonds and debt securities are allocated to the liquidity reserve. These items are measured at the lower of cost and fair value (“strenges Niederstwertprinzip”).

The vast majority of bonds and debt securities held as fixed assets are used in coverage calculations as ordinary or extended cover. The difference between cost and redemption amount is disclosed in net interest income during the remaining term.

The fair value of liquid debt securities and other fixed-income securities is generally determined on the basis of external market prices. If a valid market price for securities already held cannot be determined as at the reporting date, due to a lack of transaction volume, spread curves are used to determine the relevant price on the basis of the discounted cash flow method. Future cash flows from interest and principal were discounted to their present value as at the reporting date, using market interest rates in line with the risks and maturities concerned. If specific parameters needed for valuation purposes cannot be observed on the market, and cannot be derived from market data, DZ HYP applies parameters estimated within the DZ BANK Group.

The valuation of securities held as fixed assets, or included in the liquidity reserve, is generally based on an individual approach.

Participations and interests in affiliated companies

Investments and shares in affiliated companies are measured at amortised cost, or at the lower fair values in case of permanent impairments.

Intangible and tangible fixed assets

According to section 253 (1) and (3) of the HGB, intangible and tangible fixed assets are measured at cost less depreciation, amortisation and impairment losses. Depreciation and amortisation are recognised monthly on a straight-line basis, taking the expected useful life into account. Low-value assets disclosed under intangible and tangible fixed assets with cost of between € 250 and € 800 (after deducting any pre-tax amounts) are recognised in the balance sheet in the year of acquisition, and amortised/depreciated immediately. Assets with cost of less than € 250 are recognised through profit or loss in the year of acquisition.

Liabilities

Liabilities are recognised at their settlement amount in accordance with section 253 (1) sentence 2 of the HGB. The difference between the nominal value and the initial carrying amount of liabilities is recognised under prepaid expenses or deferred income, and amortised over the term of the transaction.

Zero bonds are shown at their issue value, plus pro-rata interest in line with the yield at the time of issue.

Liabilities classified as structured products (as defined in Statement IDW RS HFA 22 issued by the Institute of Public Auditors in Germany – “IDW”) are accounted for as uniform liabilities, since such products at DZ HYP exclusively contain interest rate derivative components, which do not have to be accounted for separately.

DZ HYP takes part in the Deutsche Bundesbank’s targeted longer-term refinancing operations (TLTRO III) in the amount of € 3 billion.

Provisions

Provisions for pensions are recognised in accordance with actuarial principles and determined on the basis of the projected unit credit method, using Dr Klaus Heubeck's 2018 G actuarial tables (revised version from 2 October 2018). The calculation of the provisions takes into account annual future salary increases of 2.5 per cent as well as annual pension increases of 1.8 per cent. DZ HYP uses the average market interest rate for the last 10 years and a notional remaining term of 15 years as established by Deutsche Bundesbank in accordance with section 253 (2) of the HGB (1.87 per cent).

Due to amended legal requirements, the calculation of pension provisions was adapted in 2016. The assessment period of the applied average interest rate was extended from 7 to 10 years. The positive difference according to section 253 (6) sentence 1 of the HGB (i.e. the shortfall in pension provisions due to the change in the period used to determine average values to the last 10 years) stood at € 17.2 million as at year-end 2021.

A part of pension provisions refers to pension commitments which are accessory to reinsurance. The amount of pension commitments is determined exclusively using the fair value of reinsurance cover.

Since the fair value of the reinsurance claim (capitalised value) exceeds the present value of the settlement amount of the guaranteed minimum benefits, the pension obligation has to be recognised at capitalised value of the reinsurance cover in analogous application of section 254 (1) sentence 3 HGB and amounted to € 4.2 million as at 31 December 2021 (31 December 2020: € 3.9 million).

In accordance with section 246 (2) sentence 1 of the HGB, netting the obligation against the capitalised value of the reinsurance cover is not permissible. This applies analogously to the netting of interest expenses against interest income.

The projected unit credit method was used as the valuation method. The valuation is based on the accrual-based allocation of pension benefits during the employment relationship and the actuarial assumptions used to calculate the present value of these benefits. The addition to provisions for pensions due to interest rate effects is recognised in other operating expenses.

DZ HYP recognises tax provisions for current taxes in accordance with tax regulations.

Other provisions are recognised for contingent liabilities or for impending losses from executory contracts in the amount of the expected settlement amounts, exercising prudent commercial judgement.

In accordance with section 253 (2) of the HGB, provisions with a remaining term of more than one year are discounted using the average market interest rate of the last seven years, in line with maturities. Income or expenses from discounting or accumulating provision items are recognised in other operating income/expenses.

Derivative financial instruments and fair value measurement of banking book

Financial derivatives are accounted for separately in auxiliary ledgers. These instruments are used to hedge against the interest rate and currency risk exposure of on-balance sheet transactions. All derivative transactions thus form part of the overall management of the banking book. Segregated sub-portfolios (valuation units) are not managed on an individual basis. Accordingly, section 254 of the HGB is not applicable.

Current interest payments are amortised and recorded in net interest income.

In connection with the early redemption of hedged items recognised on the balance sheet, the Bank also generally terminates derivative financial instruments early. Any resulting gains are usually recognised in net interest income. Only where interest rate swaps can be allocated to individual securities, income realised upon closing out swaps is recognised in line with the recognition of income of the underlying transaction, in the net financial result, or in the net risk provisioning balance, respectively.

In accordance with Statement IDW RS BFA 3, the fair value measurement (verlustfreie Bewertung) of the interest-related banking book (the "interest rate book") is based on the present value. The interest rate book comprises both the interest-related underlying transaction as well as the interest-related derivative.

As at 31 December 2021, the provision test resolved that no provisions pursuant to section 249 (1) sentence

1 alternative 2 of the HGB have to be recognised for the interest rate book, since the present value of the interest rate book was higher than the carrying amount of the interest rate book, less general administrative and risk costs.

Profit and loss account

Interest rate option premiums paid and received are disclosed under other liabilities, or other assets, and recognised through profit or loss in net interest income at maturity. Damages charged for loan repayments or extensions during the fixed-interest term of a loan are fully recognised in interest income.

Income and expenses from the valuation of the lending business and securities held in the liquidity reserve are recognised on an offset basis in accordance with section 32 of the RechKredV in conjunction with section 340f (3) of the HGB. Expenses from financial investments are offset against the corresponding income items in accordance with section 33 of the RechKredV in conjunction with section 340c (2) of the HGB.

(3) Currency translation

Assets and liabilities from foreign exchange transactions are translated in line with section 340h in conjunction with section 256a of the HGB and the Statement IDW RS BFA 4 issued by the Banking Committee of the Institute of Public Auditors in Germany (IDW). Book receivables, securities, liabilities and unsettled spot transactions as well as foreign exchange forwards and cross-currency swaps denominated in foreign currencies entered into for FX hedging purposes are translated into euro, using the ECB reference rate on the reporting date. Regarding foreign exchange forwards entered into in order to hedge interest-bearing balance sheet items, currency translations are made by splitting the forward rate into the spot rate and the swap rate in line with IDW RS BFA 4. Due to the specific coverage of all existing foreign currency items, all currency translation effects have been recognised in income. Currency translation effects (as well as any realised FX effects) are recognised in other operating income.

NOTES TO THE BALANCE SHEET

(4) Lending business

MORTGAGE LOANS	Principal € mn	Carrying amount € mn
to banks	16	16
to customers	52,964	52,825
Total	52,980	52,841

PORTFOLIO DEVELOPMENT (PRINCIPAL)	€ mn	€ mn
Balance at 31 Dec 2020		50,633
ADDITIONS DURING THE FINANCIAL YEAR 2021		8,491
through Disbursements	8,214	
Transfers	–	
Other additions	277	
DISPOSALS DURING THE FINANCIAL YEAR 2021		6,144
through Scheduled and unscheduled redemptions / repayments	5,370	
Transfers	742	
Other disposals	32	
BALANCE AT 31 DEC 2021		52,980

LOANS TO LOCAL AUTHORITIES	Principal € mn	Carrying amount € mn
to banks	100	104
to customers	11,738	11,804
Total	11,838	11,908

PORTFOLIO DEVELOPMENT (PRINCIPAL)	€ mn	€ mn
Balance at 31 Dec 2020		12,894
ADDITIONS DURING THE FINANCIAL YEAR 2021		558
through Disbursements	550	
Transfers	–	
Other additions	8	
DISPOSALS DURING THE FINANCIAL YEAR 2021		1,614
through Scheduled and unscheduled redemptions / repayments	1,319	
Transfers	–	
Other disposals	295	
BALANCE AT 31 DEC 2021		11,838

(5) Negotiable securities

Balance sheet item	Listed		Unlisted		Carrying amount of negotiable securities not valued at the lower of cost or market	
	31 Dec 2021 € 000's	31 Dec 2020 € 000's	31 Dec 2021 € 000's	31 Dec 2020 € 000's	31 Dec 2021 € 000's	31 Dec 2020 € 000's
Bonds and other fixed-income securities	9,395,295	10,088,621	438,908	429,078	407,545	535,872

As at 31 December 2021, the Bank did not recognise an extraordinary write-down in the aggregate amount of € 407.5 million (31 December 2020: € 535.9 million) for negotiable securities held as fixed assets with a carrying amount of € 379.7 million (31 December 2020: € 488.1 million) and a fair value of € 27.9 million (31 December 2020: € 47.8 million) not measured at the lower of cost or market, due to the expected temporary nature of the impairment. This assessment is based on the observation that the euro area has become more stress-resistant due to the crisis mechanisms established in the recent past, and that the effects of individual stabilisation measures are becoming (or have become) increasingly evident (such as bond acquisition programmes or low-interest rate policies).

As at 31 December 2021, the hidden burdens and reserves in the Bank's portfolio of negotiable securities amounted to a total of € 1,449.5 million (31 December 2020: € 1,960.5 million). The aggregate hidden reserves were affected by changes in the swap curve (decline in overall market interest rate levels over recent years) in the amount of € 1,796.7 million (31 December 2020: € 2,459.4 million) and by the poorer credit rating for some securities compared to the date of acquisition, affecting hidden reserves with € -347.2 million (31 December 2020: € -498.9 million). While DZ HYP enters into opposing primary and derivative interest rate transactions to neutralise swap curve developments and the resulting positive valuation effects for securities as part of the interest rate risk management (overall bank management) (i.e. DZ HYP does not profit from such valuation changes), the Bank fully carries the negative credit risk-related valuation changes for securities. According to its current assumptions, DZ HYP does not expect any disruptions of interest or principal payments; after an isolated consideration, the Bank did not recognise any impairments in connection with credit risk-related valuation losses. Please refer to the Bank's management report (chapter "net assets") for further information on the securities portfolio.

(6) Breakdown of, and statement of changes in fixed assets

PURCHASE COST	1 Jan 2021 € 000's	Additions € 000's	Transfers € 000's	Disposals € 000's	31 Dec 2021 € 000's
I. INTANGIBLE ASSETS					
1. Software	27,557	711	210	49	28,429
2. Advance payments made on intangible assets	210	-	-210	-	-
	27,767	711	-	49	28,429
II. TANGIBLE FIXED ASSETS					
1. Land and buildings	251,209	13,395	-	***)22,385	242,219
2. Office furniture and equipment**)	10,714	764	-	126	11,352
	261,923	14,159	-	22,511	253,571
			Additions		
III. FINANCIAL ASSETS					
1. Participations	911		-		911
2. Investments in affiliated companies	1,566		-		1,566
3. Investment securities	8,959,297		57,746		9,017,043
	8,961,774		57,746		9,019,520

DEVELOPMENT OF CARRYING AMOUNTS	Depreciation and amortisation in the financial year € 000's	Transfers € 000's	Disposals € 000's	Total € 000's	31 Dec 2021 € 000's	1 Jan 2021 € 000's
I. INTANGIBLE ASSETS						
1. Software	2,068	-	49	25,873	2,556	3,703
2. Advance payments made on intangible assets	-	-	-	-	0	210
	2,068	-	49	25,873	2,556	3,913
II. TANGIBLE FIXED ASSETS						
1. Land and buildings	3,760	-	***)22,385	35,359	206,860*)	197,225
2. Office furniture and equipment**)	722	-	119	8,937	2,415	2,380
	4,482	-	22,504	44,296	209,275	199,605
			Disposals			
III. FINANCIAL ASSETS						
1. Participations		-			911	911
2. Investments in affiliated companies		-			1,566	1,566
3. Investment securities		811,035			8,206,008	8,858,405
		811,035			8,208,485	8,860,882

*) Of which: owner-occupied properties: € 104.3 million; used by third parties: € 102.6 million

***) Fully used for the Bank's own operations

***) Cost as well as depreciation and amortisation were adjusted for unscheduled write-downs recognised at the time of purchase

(7) Trust business

	31 Dec 2021 € 000's	31 Dec 2020 € 000's
Assets held in trust comprise:		
- Loans and advances to customers	8,233	10,269
- Participations	18,100	18,100
	26,333	28,369
Trust liabilities are carried vis-à-vis:		
- Banks	8,233	10,269
- Customers	18,100	18,100
	26,333	28,369

(8) Other assets

Other assets of € 63.4 million (31 December 2020: € 38.1 million) mainly include the cash collateral for the restructuring fund of € 36.1 million (31 December 2020: € 29.2 million), commission claims against DZ BANK of € 18.1 million (31 December 2020: € 0 million), reinsurance coverage claims of € 4.3 million (31 December 2020: € 3.9 million), as well as claims against VR WERT Gesellschaft für Immobilienbewertungen mbH, Hamburg (profit transfer 2021) of € 3.7 million (31 December 2020: € 3.1 million).

(9) List of investments pursuant to sections 285 no. 11 and 340a of the HGB

Minimum stake of 20% Name/registered office	Equity interest %	Equity € 000's	Result 2021 € 000's
VR WERT Gesellschaft für Immobilienbewertungen mbH, Hamburg	100.0	50	3,732*)
VR HYP GmbH, Hamburg	100.0	25	-**)
VR REAL ESTATE GmbH, Hamburg	100.0	25	-**)
TXS GmbH, Hamburg	24.5	200	59**)

*) Control and profit and loss transfer agreement with DZ HYP

**) Result for the financial year 2020

(10) Prepaid expenses and deferred income

	31 Dec 2021 € 000's	31 Dec 2020 € 000's
ASSETS		
Sub-item a) From new issues and lending comprises:		
Difference between the nominal amount and the higher disbursement amount of receivables	38,872	48,611
Difference between the nominal amount and the lower issuing amount of liabilities	57,572	71,129
LIABILITIES AND EQUITY		
Sub-item a) From new issues and lending comprises:		
Difference between the nominal amount and the lower disbursement amount of receivables	10,567	14,727

(11) Open-market transactions

	31 Dec 2021 € 000's	31 Dec 2020 € 000's
Open-market transactions entered into with the Bundesbank	2,953,750	2,992,083

(12) Securities repurchase agreements

	31 Dec 2021 € 000's	31 Dec 2020 € 000's
Carrying amount of securities pledged under repo agreements Securities	1,907,395	2,007,295
Repurchase amount	1,904,266	2,004,934

(13) Breakdown of, and statement of changes in debt securities and borrowed funds

	Principal € mn	Carrying amount € mn
REGISTERED MORTGAGE PFANDBRIEFE		
to banks	1,571	1,591
to customers	4,952	5,009
MORTGAGE PFANDBRIEFE	26,732	26,804
	33,255	33,404
REGISTERED PUBLIC PFANDBRIEFE		
to banks	1,036	1,056
to customers	7,051	7,218
PUBLIC-SECTOR PFANDBRIEFE	4,136	4,146
	12,223	12,420
OTHER DEBT SECURITIES	1,554	1,560
BORROWED FUNDS		
from banks	21,141	17,492
from customers	1,079	511
	22,220	18,003
TOTAL	69,252	65,387

DEVELOPMENT (PRINCIPAL)

	Balance on 31 Dec 2020	Additions	Derecognitions	Reclassifications and other adjustments	Balance on 31 Dec 2021
	€ mn	€ mn	€ mn	€ mn	€ mn
Mortgage Pfandbriefe and Registered Mortgage Pfandbriefe	33,033	3,765	3,544	1	33,255
Public Pfandbriefe and Registered Public Pfandbriefe	12,920	2,500	3,206	9	12,223
Other debt securities	1,787	60	293	–	1,554
Borrowed funds	22,526	3,851	4,178	21	22,220
Total	70,266	10,176	11,221	31	69,252

(14) Other liabilities

This item amounts to € 315.8 million (31 December 2020: € 281.2 million) and mainly comprises liabilities from tax allocations of € 235.4 million (31 December 2020: € 191.4 million), liabilities from profit transfers of € 52.2 million (31 December 2020: € 57.0 million), as well as € 14.8 million (31 December 2020: € 15.8 million) in profits to be transferred under partial profit transfer agreements in connection with silent capital contributions.

(15) Subordinated liabilities

	31 Dec 2021 € 000's	31 Dec 2020 € 000's
SUBORDINATED		
other debt securities	25,000	25,000
borrowed funds	10,000	29,250
	35,000	54,250
INTEREST EXPENSE	2,801	3,593

Pursuant to the CRR, subordinated liabilities in the amount of € 4.5 million qualify as tier 2 capital in the determination of own funds for regulatory purposes. Early repayment obligations are not provided for in all cases. There are no provisions or plans for a conversion of such funds into equity, or into another form of debt.

Subordinated liabilities carry an average interest of 6.48 per cent, and have original maturities of between 10 and 20 years.

Disclosures on subordinated liabilities amounting to 10.0 per cent or more of the aggregate amount of subordinated liabilities:

Amount € mn	Currency	Coupon*) %	Maturity
25.0	€	6.61	21 Mar 2022
10.0	€	6.14	5 Sep 2023

*) Reporting date: 31 Dec 2021

(16) Equity

DZ HYP reported equity of € 1,762.3 million as at 31 December 2021 (31 December 2020: € 1,762.3 million).

The share capital amounts to € 149,989,937.14 and is divided into 5,832,942 notional no-par value shares ("unit shares"). The notional interest in the share capital therefore amounts to approximately € 25.71 per share.

By virtue of a resolution adopted at the General Meeting on 28 May 2018, the Management Board is authorised to increase, on one or more occasions, the Company's share capital by issuance of up to 1,300,000 new registered no-par value shares for contribution in cash, not exceeding a maximum aggregate amount of € 33,428,571.43, subject to the approval of the Supervisory Board. In the financial year, the Management Board did not make use of these authorisations with view to the authorised capital.

DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, has given notice pursuant to section 20 (4) of the German Stock Corporation Act (Aktiengesetz – "AktG") that it holds a majority shareholding.

With effect from 31 December 2012, DZ BANK issued an unrestricted letter of comfort for DG HYP (DZ HYP after change of company name). According to the still-valid unrestricted letter of comfort, except in the event of political risk, DZ BANK has undertaken to ensure (in total for the consolidated entity DZ HYP) that DZ HYP is able to meet its contractual obligations.

Silent partnership contributions in the amount of € 635.0 million are open-ended and comply with the provisions of section 10 (4) of the KWG on the reporting date. The silent partnership contributions are partial profit transfer agreements within the meaning of section 292 (1) no. 2 of the AktG. Pursuant to the transitional regulations of the CRR, € 63.5 million of the silent capital contributions is eligible as tier 1 capital. The remaining € 571.5 million is included in tier 2 capital.

(17) Contingent liabilities

Contingent liabilities of € 402.3 million (31 December 2020: € 537.8 million) comprise mainly guarantees for commercial real estate loans, € 163.1 million (31 December 2020: € 269.0 million) of which are extended to DZ BANK. DZ HYP's credit risk management is responsible for monitoring contingent liabilities.

(18) Other commitments

Irrevocable loan commitments of € 7,337.8 million (31 December 2020: € 5,361.8 million) are related primarily to mortgage financing, and were decreased by € 7.0 million (31 December 2020: € 8.8 million) in provisions for contingent losses.

Regarding contributions to the restructuring fund (the so-called "bank levy"), DZ HYP has in recent years made use of the option to make a part of the annual contributions in form of irrevocable payment obligations. These obligations amount to € 36.1 million and correspond to the deposited cash collateral.

(19) Obligations

DZ HYP is a member of the BVR Institutsicherung GmbH (BVR-ISG) and the deposit insurance scheme of the National Association of German Cooperative Banks (Bundesverband der Deutschen Volksbanken und Raiffeisenbanken – “BVR”). According to the articles of association of the deposit insurance scheme of the BVR, DZ HYP has issued a letter of indemnity to BVR. As a result, DZ HYP is liable to contingent liabilities in the amount of € 57.3 million.

According to BVR-ISG’s articles of association, DZ HYP has undertaken to make special contributions and payments to BVR-ISG in proportion to the volume of the covered deposits. Pursuant to section 27 (4) of the German Deposit Guarantee Act (Einlagensicherungsgesetz), BVR-ISG may generally raise, as a statutory deposit guarantee scheme, special contributions and payments of a maximum amount of up to 0.5 per cent of the covered deposits of the credit institutions allocated to it within a given settlement year.

(20) Relationships with affiliated enterprises and subsidiaries

AFFILIATED COMPANIES

	31 Dec 2021 € 000's	31 Dec 2020 € 000's
Loans and advances to		
- banks	1,911,499	2,048,804
- customers	34,426	37,581
Other assets	26,978	7,975
Liabilities to		
- banks	25,228,471	24,575,773
- customers	503,819	548,432
Other liabilities	303,180	265,303
Other provisions	631	839
Subordinated liabilities	–	10,000

Subsidiaries

As at the reporting date, liabilities to subsidiaries amounted to € 8,000 (31 December 2020: € 12,000); besides provisions of € 75,000 (31 December 2020: € 165,000), loans and advances to subsidiaries amounted to € 2,000 (31 December 2020: € 1,000).

(21) Related-party transactions

There were no related-party transactions entered into – at terms not in line with prevailing market terms – which would give rise to a disclosure duty pursuant to section 285 no. 21 of the HGB.

(22) Breakdown of maturities for loans and advances, and liabilities

	31 Dec 2021 € 000's	31 Dec 2020 € 000's
ASSETS		
Loans and advances to banks		
Remaining term - payable on demand	1,035,456	799,157
- up to three months	2,483,901	3,262,337
- between three months and one year	40,489	327,807
- between one year and five years	358,866	383,144
- more than five years	12,434	11,508
	3,931,146	4,783,953
Loans and advances to customers		
Remaining term - payable on demand	245,991	283,678
- up to three months	1,394,265	1,228,611
- between three months and one year	5,322,809	5,150,441
- between one year and five years	22,901,639	21,133,424
- more than five years	37,487,733	38,327,491
	67,352,437	66,123,645
Bonds and other fixed-income securities maturing in the following year	2,086,410	1,965,374
LIABILITIES AND EQUITY		
Liabilities to banks		
Remaining term - payable on demand	122,273	25,325
- up to three months	7,500,637	4,427,502
- between three months and one year	3,053,358	6,220,560
- between one year and five years	9,449,269	9,405,979
- more than five years	11,708,671	11,092,987
	31,834,208	31,172,353
Liabilities to customers		
Remaining term - payable on demand	450,463	477,788
- up to three months	330,262	641,942
- between three months and one year	628,888	760,442
- between one year and five years	3,451,065	3,478,071
- more than five years	8,953,264	10,412,172
	13,813,942	15,770,415
Certificated liabilities maturing in the following year	4,333,191	4,399,038

(23) Assets and liabilities in foreign currencies

	31 Dec 2021 € 000's	31 Dec 2020 € 000's
Assets include		
foreign-currency receivables in the total amount of	2,188,820	2,181,134
Liabilities and equity include		
foreign-currency liabilities in the total amount of	479,247	573,555

(24) Forward contracts not reflected in the balance sheet

The following types of forward transactions based on foreign currencies, interest rates or other underlying instruments were outstanding as at the reporting date:

€ mn	Nominal amounts by residual term			Total		Fair value			
	≤ 1 year	> 1 – 5 yrs	> 5 yrs	31 Dec 2021	31 Dec 2020	31 Dec 2021		31 Dec 2020	
						positive	negative	positive	negative
Interest rate instruments *)	9,358	45,922	78,008	133,288	133,243	4,201	5,999	6,138	8,625
Currency-related instruments	340	1,194	533	2,067	1,942	23	176	65	126
Credit-related transactions	11	24	7	42	38	–	–	–	3
Total	9,709	47,140	78,548	135,397	135,223	4,224	6,175	6,203	8,754

*) Including interest rate swaps with identical foreign currency

The breakdown of the carrying amounts of forward contracts not reflected on the balance sheet by balance sheet items pursuant to section 285 no. 19 of the HGB is as follows:

	Carrying amount 31 Dec 2021 € mn	Carrying amount 31 Dec 2020 € mn	Balance sheet item Assets	Carrying amount 31 Dec 2021 € mn	Carrying amount 31 Dec 2020 € mn	Balance sheet item Liabilities
Interest-based instruments	448	526	Loans and advances to banks, loans and advances to customers, prepaid expenses, other assets	367	463	Liabilities to banks, liabilities to customers, deferred income, other liabilities
Currency-based instruments	67	47	Loans and advances to banks, loans and advances to customers, prepaid expenses, other assets	164	50	Liabilities to banks, liabilities to customers, deferred income, other liabilities
Rating-based instruments	2	2	Loans and advances to banks, prepaid expenses	0	3	Provisions

The forward transactions identified above are used to manage interest rate, currency and counterparty credit risk exposure. As a rule, counterparties are OECD banks, OECD financial services institutions or OECD central governments. In addition, borrowers as well as a public-sector institution formerly licensed as a bank also appear as counterparties (market value of € 38.9 million) in connection with loan agreements.

Interest rate and currency swaps are valued using present values, determined by discounting cash flows to their present value as at the reporting date using interest rates in line with the credit risk and maturities concerned, as indicated by individual yield curves prevailing on the reporting date. Furthermore, credit adjustments are applied in the valuation of such trades, to reflect default risks and closing costs. Structured products are divided into components for valuation purposes.

Options are valued using option pricing models. These are applied on the basis of generally recognised assumptions regarding valuation parameters; in particular, the value and volatility of the underlying instrument, the agreed exercise price (interest rate), the remaining lifetime of the contract, as well as the risk-free interest rate for that lifetime. Regarding the valuation of foreign exchange forwards, the respective cash flows are translated into euro using the corresponding foreign currency rate, and discounted using the market interest rate appropriate to the risk level and maturity.

Credit derivatives are valued on an individual basis, predominantly on the basis of the default probability of the reference obligations concerned. Provisions have been recognised in the amount of € 0.4 million (31 December 2020: € 2.6 million) for three total return swaps held since 2006 and 2007, respectively, in order to hedge immediate counterparty risk exposure.

Market values are determined without consideration of netting agreements. The market values of derivatives are offset by compensating market values of the related hedged balance sheet items at overall bank level.

Cash collateral was provided for derivatives, as part of the Bank's collateral management, in the amount of € 2,063.7 million (31 December 2020: € 2,918.6 million).

NOTES TO THE PROFIT AND LOSS ACCOUNT

(25) Breakdown of income by geographic markets within the meaning of section 34 (2) no. 1 of the RechKredV

The breakdown of interest income, current income from equities and other non-fixed income securities, commission income and other operating income is as follows:

in %	2021	2020
GERMANY	86.0	84.2
INTERNATIONAL	14.0	15.8

(26) Interest expenses and income

Interest payments made and received in connection with derivative transactions, which are used to manage the overall interest rate risk, are recognised on a net basis in interest income or expenses. In individual exceptional cases, derivative transactions may be terminated early; the resulting compensation payments are recognised in net interest income.

Negative interest rates on financial assets and financial liabilities, due to the prevailing low interest rate environment, are offset in income against the corresponding interest expenses and interest income. Overall, interest income as disclosed in the profit and loss account comprised negative interest rates in the amount of € 2.1 million, which was considered insignificant (previous year: € 2.9 million). Interest expenses comprised positive interest of € 59.9 million (previous year: € 26.7 million).

Due to the replacement of all critical reference interest rates (such as EURIBOR or LIBOR) pursuant to the EU Benchmark Regulation (BMR) – the so-called “IBOR reform” –, interest rates on cash collateral of derivatives collateralised in euro have been switched from EONIA to € STR (Euro Short-Term Rate). This process, referred to as a “discounting switch”, was performed by all clearing houses on 27 July 2020. For derivatives entered into on a bilateral basis, the changeover was completed by 31 December 2021.

The impact of the discounting switch on the present value of the derivative will be offset by a compensation payment between the two counterparties.

As DZ HYP – a Pfandbrief bank – holds derivatives exclusively in the non-trading portfolio, it makes use of the election to record the compensation payments made or received immediately through profit or loss in the net interest income.

In the period under review, the Bank received a compensation payment in the amount of € 8.0 million net (previous year: € 2.6 million), recognised in net interest income.

Another changeover in the course of the IBOR reform is the replacement of reference rates for derivatives, which started in 2021.

Due to the discontinuation of the GBP LIBOR and CHF LIBOR fixings effective from 1 January 2022 (with fixings continued in the form of synthetic interest rates from 1 January 2022), the variable interest coupon was changed to the so-called SONIA interest accrual for affected existing derivative transactions.

The necessary value transfer between the counterparties due to the difference between the two reference interest rates was taken into account with a compensating spread adjustment.

(27) Other operating income

Other operating income of € 22.6 million (previous year: € 29.0 million) primarily comprises rental income of € 9.1 million (previous year: € 9.3 million), service income of € 6.6 million (previous year: € 7.2 million) as well as € 5.5 million (previous year: € 9.8 million) in income from the reversal of provisions.

(28) Other operating expenses

Other operating expenses totalling € 22.3 million (previous year: € 20.3 million) largely include expenses of € 17.2 million (previous year: € 15.8 million) for the discounting of provisions for pensions and similar obligations, and expenses for buildings not directly used for Bank business of € 2.9 million (previous year: € 2.1 million).

(29) Income taxes

Income taxes predominantly comprise a tax levy in the amount of € 124.9 million (previous year: € 108.6 million) by the controlling company, DZ BANK AG, Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, in the year under review. There were no one-off effects in the year under review (previous year: € 13.9 million).

COVERAGE

(30) Coverage by balance sheet item

	Mortgage Pfandbriefe 31 Dec 2021 € mn	Mortgage Pfandbriefe 31 Dec 2020 € mn	Public Pfandbriefe 31 Dec 2021 € mn	Public Pfandbriefe 31 Dec 2020 € mn
ORDINARY COVER	37,815	36,849	14,031	15,262
LOANS AND ADVANCES TO CUSTOMERS	37,689	36,734	11,485	12,732
Loans secured by property mortgages	37,689	36,734	34*)	37*)
Loans to local authorities	–	–	11,451	12,695
LOANS AND ADVANCES TO BANKS	32	21	295	116
Loans secured by property mortgages	32	21	–	–
Loans to local authorities	–	–	295	116
BONDS	–	–	2,251	2,414
BANK BUILDINGS	94	94	–	–
EXTENDED COVER	931	901	–	62
LOANS AND ADVANCES TO BANKS	–	–	–	62
Monetary claims	–	–	–	62
BONDS	931	901	–	–
Total	38,746	37,750	14,031	15,324

*) Under a municipal guarantee

(31) Details pursuant to section 28 of the German Pfandbrief Act Outstanding Pfandbriefe and related cover assets

	Nominal amount		Present value		Risk-adjusted present value*)	
	31 Dec 2021 € mn	31 Dec 2020 € mn	31 Dec 2021 € mn	31 Dec 2020 € mn	31 Dec 2021 € mn	31 Dec 2020 € mn
a) Total amount of outstanding						
Mortgage Pfandbriefe	33,245	33,013	34,504	35,430	32,575	33,581
Cover assets pool	38,746	37,750	42,942	43,625	40,113	40,891
of which: derivatives	–	–	–	–	–	–
Excess cover	5,501	4,737	8,438	8,195	7,538	7,310
Excess cover in %	16.5	14.3	24.5	23.1	23.1	21.8

*) When calculating the risk-adjusted present value, the dynamic method pursuant to section 5 (1) no. 2 of the Present Value Cover Regulation (PfandBarwertV) was used.

Ref. a) Maturity structure	Mortgage Pfandbriefe		Cover assets pool	
	31 Dec 2021 € mn	31 Dec 2020 € mn	31 Dec 2021 € mn	31 Dec 2020 € mn
<= 6 months	1,549	1,368	1,690	1,750
> 6 months and <= 12 months	1,459	2,122	2,081	1,836
> 12 months and <= 18 months	1,739	1,550	1,497	1,285
> 18 months and <= 2 years	1,246	1,479	1,780	1,785
> 2 years and <= 3 years	3,590	2,995	3,385	3,041
> 3 years and <= 4 years	3,850	3,590	3,871	3,216
> 4 years and <= 5 years	4,330	3,850	3,847	3,414
> 5 years and <= 10 years	12,814	13,129	13,300	13,825
> 10 years	2,668	2,930	7,295	7,598
Total	33,245	33,013	38,746	37,750

Ref. a) Disclosure pursuant to section 6 of the German Pfandbrief Present Value Regulation (Pfandbrief-Barwertverordnung – "PfandBarwertV")	Net present value in €	
	31 Dec 2021 mn	31 Dec 2020 mn
Currency		
GBP	268.6	253.8
SEK	47.3	57.1
USD	–	44.9

Ref. a) additional indicators on Mortgage Pfandbriefe outstanding		31 Dec 2021	31 Dec 2020
Share of fixed-interest assets in total cover assets pool	%	88.9	88.8
Share of fixed-interest Pfandbriefe in liabilities to be covered	%	99.4	98.4
Total amount of assets breaching the limits as set in section 13 (1) of the PfandBG	€ mn	–	–
Average volume-weighted age of assets	in years	5.0	4.7
Average weighted loan-to-value ratio	%	54.2	54.2
Total amount of assets breaching the limits as set in section 19 (1) no. 2 of the PfandBG	€ mn	–	–
Total amount of assets breaching the limits as set in section 19 (1) no. 3 of the PfandBG	€ mn	–	–

	Nominal amount		Present value		Risk-adjusted present value*)	
	31 Dec 2021 € mn	31 Dec 2020 € mn	31 Dec 2021 € mn	31 Dec 2020 € mn	31 Dec 2021 € mn	31 Dec 2020 € mn
b) Total amount of outstanding						
Public Pfandbriefe	12,223	12,921	14,727	16,392	13,590	15,204
Cover assets pool	14,031	15,324	17,287	19,768	15,699	18,168
of which: derivatives	–	–	–	–	–	–
Excess cover	1,808	2,403	2,560	3,376	2,109	2,964
Excess cover in %	14.8	18.6	17.4	20.6	15.5	19.5

*) When calculating stress scenarios, the static method is used for currencies and the dynamic method for interest rates.

	Public-Sector Pfandbriefe		Cover assets pool	
	31 Dec 2021 € mn	31 Dec 2020 € mn	31 Dec 2021 € mn	31 Dec 2020 € mn
Ref. b) Maturity structure				
<= 6 months	856	1,481	563	706
> 6 months and <= 12 months	1,561	613	665	636
> 12 months and <= 18 months	478	626	573	530
> 18 months and <= 2 years	340	292	621	624
> 2 years and <= 3 years	902	861	1,176	1,150
> 3 years and <= 4 years	1,244	902	1,091	1,369
> 4 years and <= 5 years	795	1,218	963	1,063
> 5 years and <= 10 years	2,171	2,882	3,333	3,908
> 10 years	3,876	4,046	5,046	5,338
Total	12,223	12,921	14,031	15,324

Ref. b) Disclosure pursuant to section 6 of the German Pfandbrief Present Value Ordinance ("Pfandbrief-Barwertverordnung")	Net present value in €	
	31 Dec 2021 mn	31 Dec 2020 mn
Currency		
CAD	33.5	34.8
CHF	86.9	12.4
GBP	29.1	24.4
JPY	32.2	33.6
USD	87.9	139.9

		31 Dec 2021	31 Dec 2020
Ref. b) Additional indicators on Public Pfandbriefe outstanding			
Share of fixed-interest assets in total cover assets pool	%	97.9	96.2
Share of fixed-interest Pfandbriefe in liabilities to be covered	%	95.1	95.5
Total amount of assets breaching the limits as set out in section 20 (2) no. 2 of the PfandBG	€ mn	–	–

Assets included in cover for Mortgage Pfandbriefe

	31 Dec 2021 € mn	31 Dec 2020 € mn
by loan amount		
<= € 300,000 €	8,905	8,867
> € 300,000 / <= € 1 mn	2,587	2,485
> € 1 mn / <= € 10 mn	10,749	11,035
> € 10 mn	15,574	14,462
Total	37,815	36,849

	31 Dec 2021 € mn	31 Dec 2020 € mn
by type of property		
Housing properties	21,632	21,246
Commercial properties	16,183	15,603
Total	37,815	36,849

Assets included in cover for Mortgage Pfandbriefe, by country where real property collateral is located, and by type of property

	Fiscal Year	Federal Republic of Germany	Belgium	France	United Kingdom	Netherlands	Austria	Poland	Sweden	Total
€ mn										
RESIDENTIAL PROPERTIES	31 Dec 2021	1,825	–	*)–	–	–	–	–	–	1,825
	31 Dec 2020	1,756	–	*)–	–	–	–	–	–	1,756
SINGLE AND DOUBLE FAMILY HOMES	31 Dec 2021	6,564	*)–	*)–	–	*)–	–	–	–	6,564
	31 Dec 2020	6,512	*)–	1	–	*)–	–	–	–	6,513
MULTI-FAMILY HOMES	31 Dec 2021	12,953	–	–	–	–	–	–	–	12,953
	31 Dec 2020	12,761	–	–	–	–	–	–	–	12,761
OFFICE BUILDINGS	31 Dec 2021	6,016	–	107	259	449	4	–	–	6,835
	31 Dec 2020	5,475	–	189	224	380	4	–	–	6,272
COMMERCIAL BUILDINGS	31 Dec 2021	4,427	–	149	10	112	–	49	47	4,794
	31 Dec 2020	4,537	–	72	9	133	–	50	55	4,856
INDUSTRIAL BUILDINGS	31 Dec 2021	224	–	–	–	–	–	–	–	224
	31 Dec 2020	143	–	–	–	–	–	–	–	143
OTHER COMMERCIAL PROPERTIES	31 Dec 2021	3,999	–	–	–	93	–	–	1	4,093
	31 Dec 2020	4,066	–	–	–	84	–	–	1	4,151
UNFINISHED NEW BUILDINGS NOT YET YIELDING RETURNS	31 Dec 2021	508	–	–	–	–	–	–	–	508
	31 Dec 2020	378	–	–	–	–	–	–	–	378
BUILDING PLOTS	31 Dec 2021	19	–	–	–	–	–	–	–	19
	31 Dec 2020	19	–	–	–	–	–	–	–	19
Total	31 Dec 2021	36,535	*)–	256	269	654	4	49	48	37,815
	31 Dec 2020	35,647	*)–	262	233	597	4	50	56	36,849

*) Values < € 0.5 million

Assets included in cover for Mortgage Pfandbriefe

Total amount of registered cover assets

	Assets pursuant to section 19 (1) no. 2 of the PfandBG									
	Equalisation claims pursuant to section 19 (1) no. 1 of the PfandBG		Total		of which: covered debt securities pursuant to art. 129 of the EU Regulation no. 575/2013		Assets pursuant to section 19 (1) no. 3 of the PfandBG		Total	
Sovereign borrowers	31 Dec 2021 € mn	31 Dec 2020 € mn	31 Dec 2021 € mn	31 Dec 2020 € mn	31 Dec 2021 € mn	31 Dec 2020 € mn	31 Dec 2021 € mn	31 Dec 2020 € mn	31 Dec 2021 € mn	31 Dec 2020 € mn
Federal Republic of Germany	-	-	-	-	-	-	931	901	931	901
Total	-	-	-	-	-	-	931	901	931	901

In the financial year and in the previous year, there were no payments in arrears by at least 90 days on cover assets for Mortgage Pfandbriefe.

As at the current reporting date and as at the reporting date of the previous year, there were no pending or executed forced sales or forced sales proceedings on cover assets for Mortgage Pfandbriefe.

There were no purchases of plots to prevent losses on mortgages (previous year: € nil).

Total amount of interest arrears

	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
No. 4c	€ mn	€ mn	€ mn	€ mn
Total amount of interest arrears	-	0.64	-	0.09

Assets included in cover for Public Pfandbriefe Share in total amount of Pfandbriefe outstanding (nominal)

	31 Dec 2021 € mn	31 Dec 2020 € mn	31 Dec 2021 %	31 Dec 2020 %
Total cover assets pool	14,031	15,324	114,79	118,60
of which: ordinary cover	14,031	15,262	114,79	118,12
of which: additional cover	–	62	–	0,48

Assets included in cover for Public Pfandbriefe

by loan amount	31 Dec 2021 € mn	31 Dec 2020 € mn
<= € 10 mn	5,874	5,914
> € 10 mn and <= € 100 mn	4,653	5,443
> € 100 mn	3,504	3,905
Total	14,031	15,262

Assets included in cover for Public Pfandbriefe, by country of domicile of the borrower and, in the case of full guarantee, of the guarantor

a) of which: due from	Sovereign states		Regional public-sector entities		Local public-sector entities		Other		Total a)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
€ mn										
Belgium	30	30	23	23	–	–	–	–	53	53
Federal Republic of Germany	26	275	1,560	1,615	8,826	9,414	478	595	10,890	11,899
France	40	40	–	–	–	5	–	–	40	45
Italy	170	170	104	116	77	78	–	–	351	364
Canada	–	–	253	239	4	4	–	–	257	243
Luxembourg	7	7	–	–	–	–	–	–	7	7
Austria	418	416	25	25	–	–	–	–	443	441
Portugal	280	280	–	–	–	–	–	–	280	280
Switzerland	–	–	179	171	–	–	–	–	179	171
Spain	50	50	699	864	30	30	–	–	779	944
EU institutions	–	–	–	–	–	–	85	101	85	101
Total	1,021	1,268	2,843	3,053	8,937	9,531	563	696	13,364	14,548

b) of which: guaranteed by	Sovereign states		Regional public-sector entities		Local public-sector entities		Other		Total b)		Total a) and b)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
€ mn												
Belgium	-	-	-	-	-	-	-	-	-	-	53	53
Federal Republic of Germany	177	51	206	130	120	241	4	5	507	427	11,397	12,326
France	-	-	-	-	-	-	-	-	-	-	40	45
Italy	-	-	-	-	-	-	-	-	-	-	351	364
Canada	-	-	136	125	-	-	-	-	136	125	393	368
Luxembourg	-	-	-	-	-	-	-	-	-	-	7	7
Austria	-	-	-	-	-	-	-	-	-	-	443	441
Portugal	-	200	-	-	-	-	-	-	-	200	280	480
Switzerland	-	-	-	-	-	-	-	-	-	-	179	171
Spain	-	-	24	24	-	-	-	-	24	24	803	968
EU institutions	-	-	-	-	-	-	-	-	-	-	85	101
Total	177	251	366	279	120	241	4	5	667*)	776*)	14,031	15,324

*) Totals do not include any guarantees due to promotion of export activities.

Assets included in cover for Public Pfandbriefe Total amount of registered cover assets

Sovereign borrowers	Assets pursuant to section 20 (2) no. 2 of the PfandBG							
	Equalisation claims pursuant to section 20 (2) no. 1 of the PfandBG		Total		of which: covered debt securities pursuant to art. 129 of the EU Regulation no. 575/2013		Total	
	31 Dec 21 € mn	31 Dec 20 € mn	31 Dec 21 € mn	31 Dec 20 € mn	31 Dec 21 € mn	31 Dec 20 € mn	31 Dec 21 € mn	31 Dec 20 € mn
Federal Republic of Germany	-	-	-	62	-	-	-	62
Total	-	-	-	62	-	-	-	62

In the financial year and in the previous year, there were no payments in arrears by at least 90 days on cover assets for Public Pfandbriefe.

OTHER INFORMATION ON THE ANNUAL FINANCIAL STATEMENTS

(32) Audit and consulting fees within the meaning of Section 285 no. 17 of the HGB

Auditors' fees are recognised in the consolidated financial statements of DZ BANK AG, Deutsche Zentral-Genossenschaftsbank, Frankfurt/Main. They mainly relate to fees for auditing and certification services. Moreover, the fees contain other services for support in a Group-wide sustainability project to a small extent.

(33) Executive bodies of DZ HYP**Supervisory Board****Uwe Fröhlich**

Co-Chief Executive Officer
of the Board of
Managing Directors,
DZ BANK AG Deutsche
Zentral-Genossenschaftsbank,
Frankfurt/Main
– Chairman –

Dagmar Mines

Bank employee,
DZ HYP AG
– Deputy Chairwoman –

Thomas Müller

Spokesman of the
Management Board,
Volksbank Dresden-Bautzen eG
– Deputy Chairman –

Brigitte Baur

Bank Director (retd.)
until 7 May 2021

Uwe Berghaus

Member of the Board
of Managing Directors,
DZ BANK AG Deutsche
Zentral-Genossenschaftsbank,
Frankfurt/Main

Dr Michael Düpmann

Member of the
Management Board,
VR Bank Rhein-Neckar eG
since 7 May 2021

Ralph Gruber

Bank employee,
DZ HYP AG

Harald Herkströter

Chairman of the
Management Board,
Volksbank Halle/Westf. eG

Olaf Johnert

Bank employee,
DZ HYP AG

Carsten Jung

Chairman of the
Management Board,
Berliner Volksbank eG

Petra Kalbhenn

Member of the
Management Board,
VR Bank Main-Kinzig-
Büdingen eG
since 7 May 2021

Michael Kuehn

Bank employee,
DZ HYP AG

Anja Niehues

Bank employee,
DZ HYP AG

Johannes Röring

Chairman of the
Management Board,
Stiftung Westfälische Landschaft

Martin Schmitt

Bank Director (retd.)
until 7 May 2021

Michael Speth

Member of the Board of
Managing Directors,
DZ BANK AG Deutsche
Zentral-Genossenschaftsbank,
Frankfurt/Main

Heinrich Stumpf

Deputy Spokesman of the
Management Board,
VR Bank Augsburg-Ostallgäu eG
since 7 May 2021

Frank Thurau

Bank employee,
DZ HYP AG

Hans-Peter Ulepić

Spokesman of the
Management Board,
Gladbacher Bank
Aktiengesellschaft von 1922

Monika van Beek

Director of association,
Member of the
Management Board,
Baden-Württembergischer
Genossenschaftsverband e.V.
until 30 June 2021

Management Board**Dr Georg Reutter**

– Chief Executive Officer –

Sabine Barthauer

since 1 January 2021

Jörg Hermes

(34) Remuneration of the executive bodies

	2021 € 000's	2020 € 000's
Supervisory Board	245	245
Management Board	2,018	1,942
Advisory Council	134	120
Former members of the Management Board or their surviving dependants	3,137	3,056
Provisions for current pensions and pension commitments for former members of the Management Board or their surviving dependants	40,383	37,119

(35) Offices held by members of the Management Board or members of staff in supervisory bodies of large limited companies

As at 31 December 2021, neither the members of the Management Board nor members of staff held any offices in supervisory bodies of large limited companies.

(36) Average number of employees

	Male	Female	2021 Total	Male	Female	2020 Total
TOTAL NUMBER OF EMPLOYEES	457	374	831	440	379	819
of which: full-time employees	433	218	651	414	200	614
part-time employees						
number	24	156	180	26	179	205
weighted	(19)	(102)	(121)	(20)	(117)	(137)

(37) Information about the parent company pursuant to section 285 no. 14 of the HGB

DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, prepares consolidated financial statements which incorporate the financial statements of DZ HYP. The consolidated financial statements of DZ BANK are published in the German Federal Gazette (Bundesanzeiger).

Report on material events after the reporting date


No events of particular importance materialised during the period from 1 January to 24 February 2022 which would have required a materially different presentation of DZ HYP's net assets, financial position and financial performance, had they occurred earlier.

Hamburg and Münster, 24 February 2022

DZ HYP AG



Dr Georg Reutter
 – Chief Executive Officer –



Sabine Barthauer



Jörg Hermes