

Investor presentation

Financial Figures 31/12/2023 & rating upgrade

Münchener Hypothekenbank





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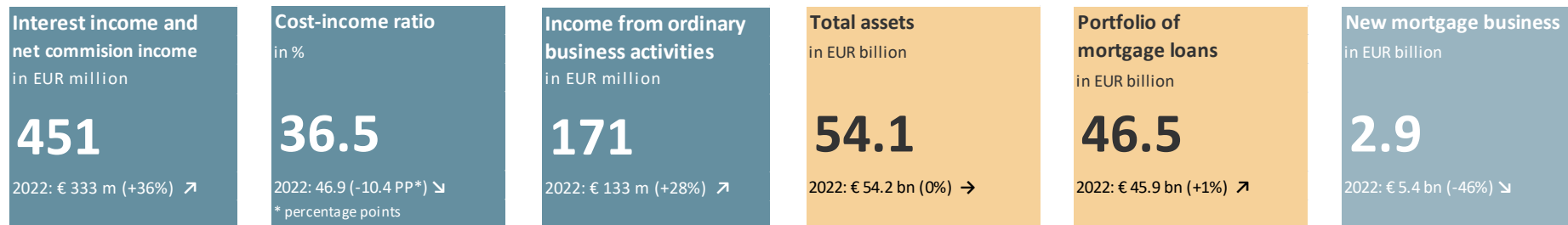
Introduction



Münchener Hypothekbank – a strong real-estate bank

The financial year 2023 in words and figures

- Very solid result in a challenging market environment
- Distribution of attractive dividend and strengthening of reserves: 4% dividend and + EUR 51 m reserves
- Net income rose by approximately 50%: net income of EUR 102.1 m
- Successful takeover of Warburg Hypothekbank
- Great uncertainty in national and international property financing markets
- Slight expansion of the loan portfolios despite market-related decline in new business
- Focus on residential properties in Germany and Switzerland: 76.3% of the portfolio
- Outstanding market access and reputation as reliable issuer: approx. EUR 10 bn funding volume
- EUR 1.5 billion green securities placed



All comparative figures including Warburg Hypothekbank



Münchener Hypothekbank at a glance

Not a bank like any other

Systemic important bank under direct ECB supervision

- Independent from any corporate group and member of the Cooperative Financial Network (“FinanzGruppe”)
- EUR 54.1 bn total assets (31/12/2023)
- Broad based ownership and no predominant owner
- Moody’s ratings: Aa2 senior unsecured (stable), A1 junior senior unsecured, Aaa mortgage Pfandbriefe

Deep roots within the Cooperative Financial Network

- Partner of Volksbanken and Raiffeisenbanken in the mortgage lending business
- Volksbanken and Raiffeisenbanken as most important business partners and biggest owner group
- Excellent access to liquidity via cooperative institutions
- Officially recognised deposit guarantee scheme and additional voluntary institution-related protection system

Sustainable business model

- Sustainability as integral part of the long-term and risk conservative business model
 - Acceptable risks that do not jeopardize the trust of owners and customers
- Focus on cooperative mission



Ownership and equity

Members as largest capital investor

Membership

- 56,959 members
- 18 million cooperative shares
- EUR 70 nominal value, no trading

Impact on strategy and business

- Long-term profitability and business sustainability
- Conservative risk policy
- Continuous dividend capability

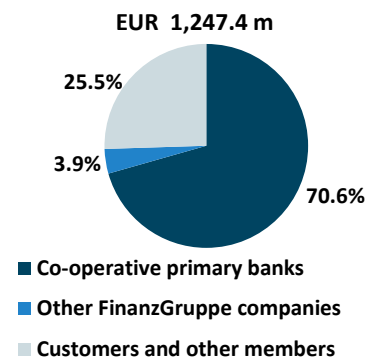
Equity components 31/12/2023 (EUR m)

Common Equity Tier 1	1,759.6
Paid-up capital	1,247.4
Reserves	463.0
Special items for general banking risk	114.0
Deductible items	- 64.8
Additional Equity Tier 1	226.0
Tier 2 Capital	378.8
Total Equity	2,364.4

Advantages for lenders of capital (shares)

- Participation within the Cooperative Financial Network
- Cooperative bank in a guarantee network
- Stable, long-term investment without price volatility
- No major shareholder
 - No member with more than 1.5% of shares
- No unexpected strategy changes due to large investors

Ownership structure 31/12/2023





Ratings

Credit rating and sustainability rating of Münchener Hypothekenbank – upgrade in May 2024

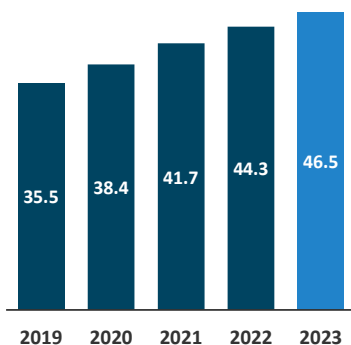
Rating agency	Categories	Credit rating	Outlook
	Issuer rating Münchener Hypothekenbank		
	Mortgage Pfandbriefe	Aaa	
	Senior unsecured (senior preferred notes)	Aa2	stable
	Junior senior unsecured (senior non-preferred notes)	A1	
	Short-term liabilities	P-1	
	Long-term deposits	Aa2	stable
	AT1 Tier 2	Baa3 (hyb) Baa1	
	Münchener Hypothekenbank within the Cooperative Financial Network		
	Long-term	AA-	stable
	Short-term	F1+	
	Cooperative Financial Network		
	Long-term	A+	stable
	Short-term	A-1	
Sustainability ratings		Rating (ISS ESG)	
			C+



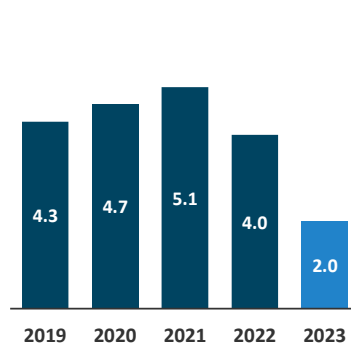
Business performance

Loan business and profitability

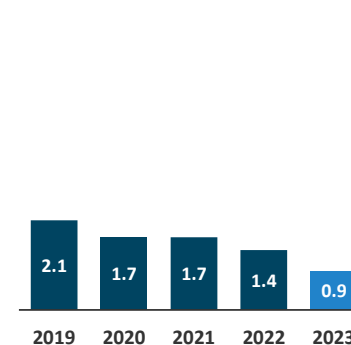
Mortgage loan portfolio (EUR bn)



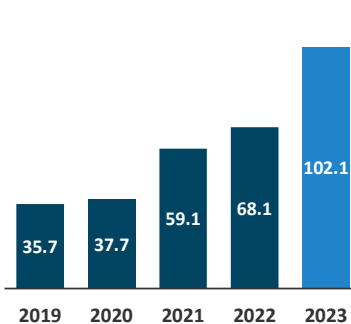
New loans residential (EUR bn)



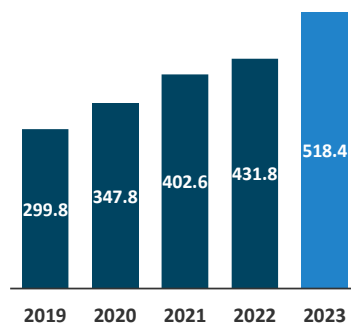
New loans commercial (EUR bn)



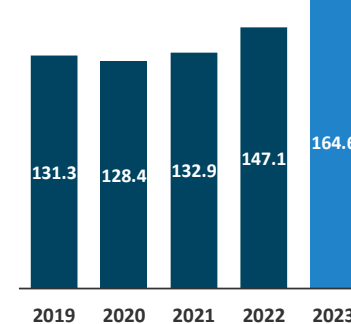
Net income (EUR m)



Net interest income (EUR m)



Total administrative expenses (EUR m)

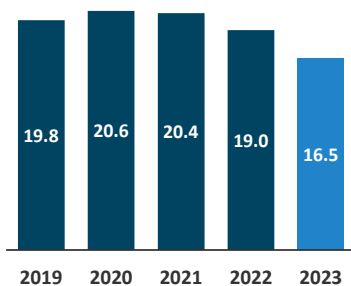




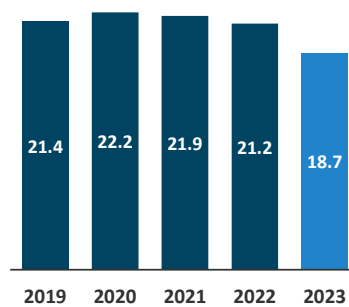
Business performance

Capital and regulatory

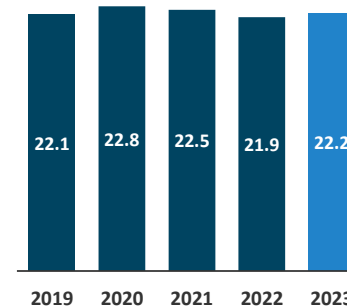
Common equity Tier 1 capital ratio (%)



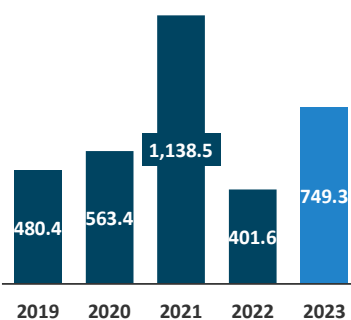
Tier 1 capital ratio (%)



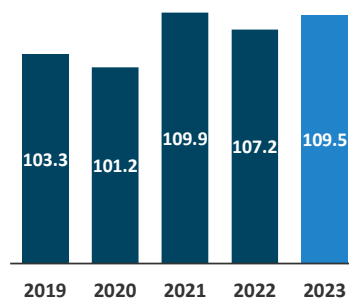
Total capital ratio (%)



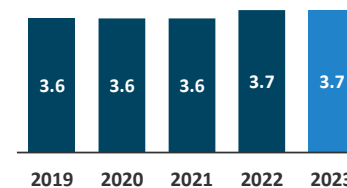
LCR (%)



NSFR (%)



Leverage ratio (%)





Mortgage loan portfolio

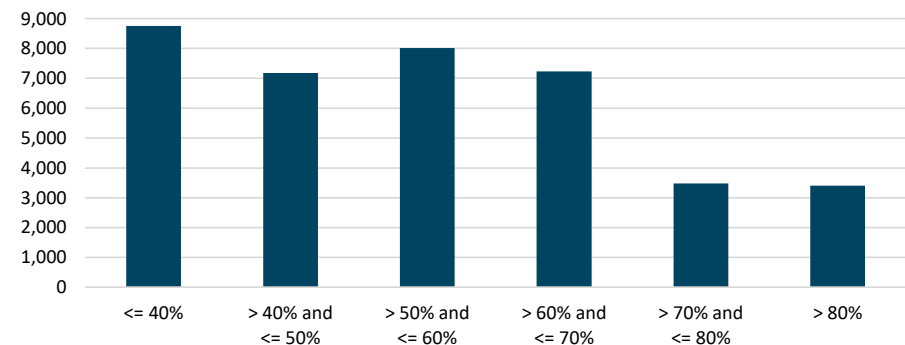
Portfolio impresses with its high granularity

EUR 46.5 bn loan portfolio 31/12/2023

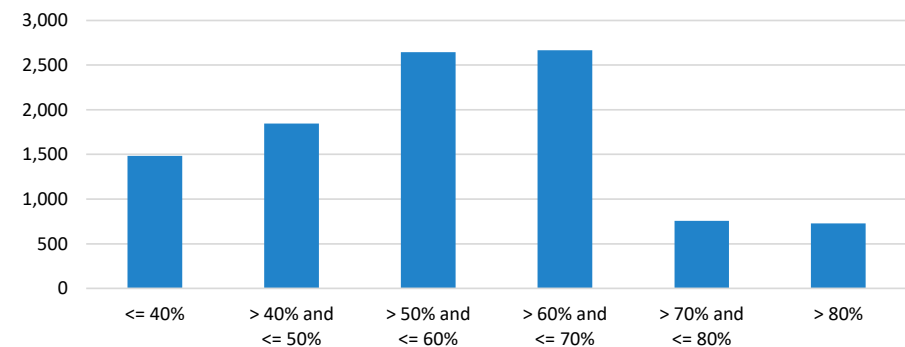
- 223,829 individual loans – thereof 222,570 residential
- Volume by type of underlying property:
 - 78.3% residential buildings
 - 21.7% commercial buildings
- Average loan size by property type:
 - About EUR 163,700 residential properties
 - About EUR 8,008,400 commercial properties
- Average LTV:
 - 54.1% residential buildings
 - 58.7% commercial buildings
- Geographic split:
 - 45.7% Bavaria, Baden-Württemberg, Hesse and NRW
 - 33.9% other German States
 - 11.7% Switzerland
 - 8.7% other non-domestic
- NPL-ratio: 1.52%
- The focus of the bank's strategy is not on development loans or building project organizer financing

LTV 31/12/2023

Residential, credit volume according to LTV



Commercial, credit volume according to LTV





Sustainability



Sustainability at Münchener Hypothekenbank

ESG holistically implemented in the bank



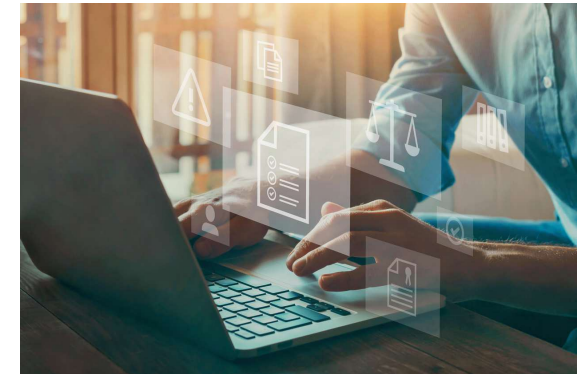
Environmental

- Implementation of ESG criteria in the lending process (Green loans, ESG score & pricing > EUR 1 m)
- Half-yearly ESG allocation reporting for the green portfolio
- Monitoring and measuring physical and transitory climate risks
- Calculating financed GHG emissions in the loan portfolio
- Disclosing of the Green Asset Ratio



Social

- Promoting Diversity in the bank (Diversity Charta signed in 2014, Diversity strategy adopted in 2023)
- Various offers to promote employee health
- Promoting life-long learning of all employees
- Supporting the compatibility of family and career



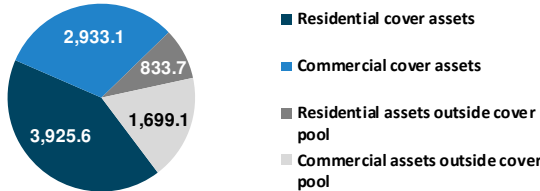
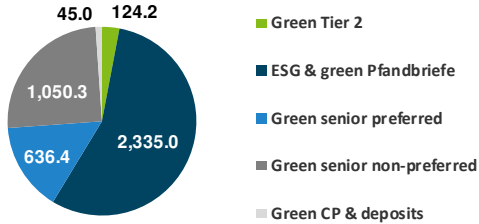
Governance

- Bundling ESG expertise in the Non-Financial-Riskmanagement team
- Regular ESG-Committee and ESG-Board meetings
- Implementing sustainability in the core business
- Responsible investment policy
- Strict compliance rules
- Active association memberships



“Green balance sheet” of Münchener Hypothekbank

Continuous growth in assets and liabilities

	Assets 31/12/2023	Liabilities 31/12/2023																						
Products	Green mortgage loan for residential properties <ul style="list-style-type: none"> ▪ Focus on energy efficiency, improved interest rate Certified commercial properties <ul style="list-style-type: none"> ▪ Top criteria of important certification systems 	Green Pfandbriefe Green senior preferred bonds Green senior non-preferred bonds Green commercial paper (CP), green deposits																						
Engagement	Number of loans 24,972 <ul style="list-style-type: none"> ▪ 24,784 residential properties ▪ 188 commercial properties 	Number of outstanding bonds <ul style="list-style-type: none"> ▪ 17 EUR bonds ▪ 6 CHF bonds 																						
Volume	EUR 9,391 m total loan volume <ul style="list-style-type: none"> ▪ EUR 4,759 m residential loans ▪ EUR 4,632 m commercial loans 	Total volume of outstanding bonds <ul style="list-style-type: none"> ▪ EUR 2,995 m ▪ CHF 1,075 m 																						
Distribution	<p>green portfolio in EUR m</p>  <table border="1"> <caption>green portfolio in EUR m</caption> <thead> <tr> <th>Category</th> <th>Value (EUR m)</th> </tr> </thead> <tbody> <tr> <td>Residential cover assets</td> <td>2,933.1</td> </tr> <tr> <td>Commercial cover assets</td> <td>833.7</td> </tr> <tr> <td>Residential assets outside cover pool</td> <td>3,925.6</td> </tr> <tr> <td>Commercial assets outside cover pool</td> <td>1,699.1</td> </tr> </tbody> </table>	Category	Value (EUR m)	Residential cover assets	2,933.1	Commercial cover assets	833.7	Residential assets outside cover pool	3,925.6	Commercial assets outside cover pool	1,699.1	<p>green bonds in EUR m</p>  <table border="1"> <caption>green bonds in EUR m</caption> <thead> <tr> <th>Category</th> <th>Value (EUR m)</th> </tr> </thead> <tbody> <tr> <td>Green Tier 2</td> <td>45.0</td> </tr> <tr> <td>ESG & green Pfandbriefe</td> <td>124.2</td> </tr> <tr> <td>Green senior preferred</td> <td>1,050.3</td> </tr> <tr> <td>Green senior non-preferred</td> <td>636.4</td> </tr> <tr> <td>Green CP & deposits</td> <td>2,335.0</td> </tr> </tbody> </table>	Category	Value (EUR m)	Green Tier 2	45.0	ESG & green Pfandbriefe	124.2	Green senior preferred	1,050.3	Green senior non-preferred	636.4	Green CP & deposits	2,335.0
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Green Standards (links)	Green Bond Framework Second Party Opinion Impact Reporting Allocation Reporting Non-Financial Report																							



Sustainable loan selection criteria

Green portfolio in line with the ICMA Green Bond Principles

Residential – green loans

- Residential buildings in Germany with maximum annual energy demand of 70kWh/sqm (till April 2020)
- Residential buildings in Germany with maximum annual energy demand of 55kWh/sqm (from May 2020)
- Old and new KfW promotional programmes for energy-efficient construction
- Top 15% of national building stock by energy performance in Switzerland or Minergie Certificate

Info:

- Grandfathering for green loans granted since November 2015

Commercial - certified environmental loans

- DGNB (min. Gold or Platinum)
- BREEAM (min. Very Good, Excellent or Outstanding)
- LEED (min. Gold or Platinum)
- HQE (min. Excellent or Exceptionnel)
- BREEAM NL (min. Good, Very Good, Excellent or Outstanding)
- Energy Performance Certificate (EPC) (min. Level A or better)
- Top 15% of national building stock by energy performance









Cooperative Financial Network



The German banking landscape

Position of the Cooperative Financial Network

31/12/2022

	Public	Cooperative	Private
Banking sector			
Regional focus	 regionally focused	 regionally focused	 countrywide
Credit institutions	5 Landesbanks affiliated groups DekaBank 370 Savings banks	Cooperative central institution 737 Cooperative banks specialised cooperative companies	Major German private banks + foreign banks
Market share (GER)*	35%	25%	< less than 10% (each)

* private deposits



Strength of the Cooperative Financial Network

Impressive figures for the cooperative sector

Consolidated key business figures of the Cooperative Financial Network (31/12/2022)

- organized collectively and committed to its members
 - EUR 1,581 billion total assets
 - EUR 3,892 million profit before tax
 - 737 cooperative banks and other specialized companies
 - 170,488 employees
 - 30 million customers and 17.9 million members
 - wide range of products from a single source
- very good ratings:

	Fitch Ratings	Standard & Poor's
Long-term	AA-	A+
Short-term	F1+	A-1
Individual Rating	aa-	a+
Outlook	stable	stable





Capital and creditor protection



Creditor protection

Protection and safety with high priority

Protection within the Cooperative Financial Network

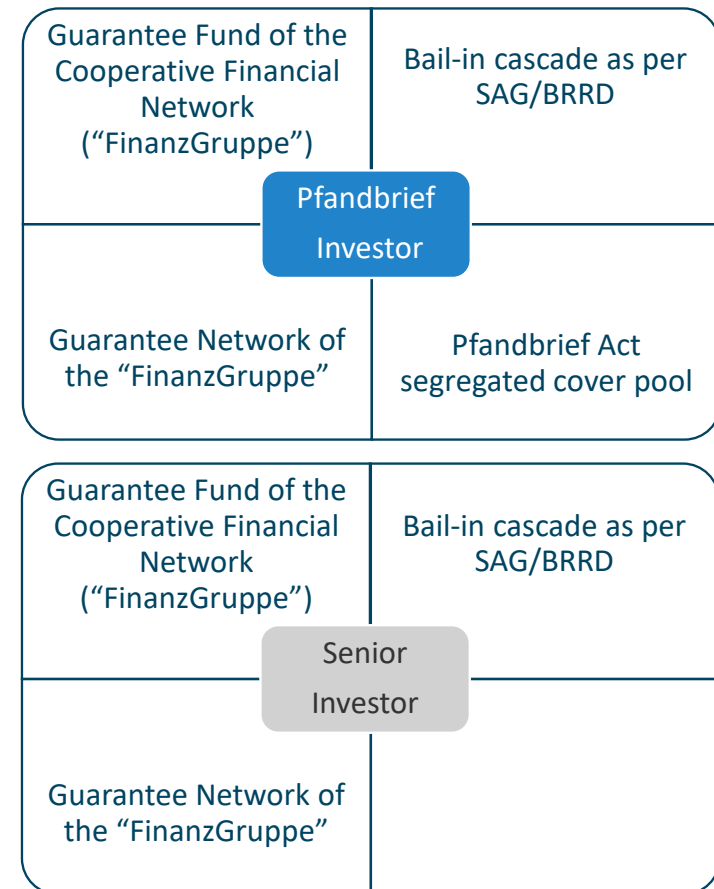
- Dual system consisting of BVR Institutssicherung GmbH (BVR-ISG) and BVR protection scheme
 - Officially recognised deposit insurance scheme supplemented by a voluntary bank-related protection system ensure stability and trust.
- Comprises deposit and institution protection
- Managed by the National Association of German Cooperative Banks (BVR)
- Additional control of all affiliated institutions
- Oldest protection system in the German banking industry
 - Fully paid-up and not on a guarantee basis

Functions

- Preventive measures to avert undesirable developments
- If necessary, restructuring measures

History

- No insolvency of an affiliated bank (since 1934)
- No loss of the notional amount of the cooperative shares
- No loss of deposits



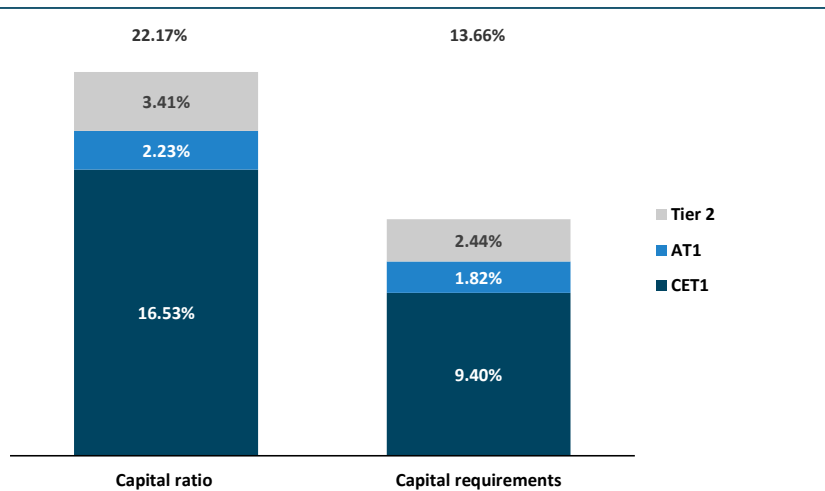


Capital position

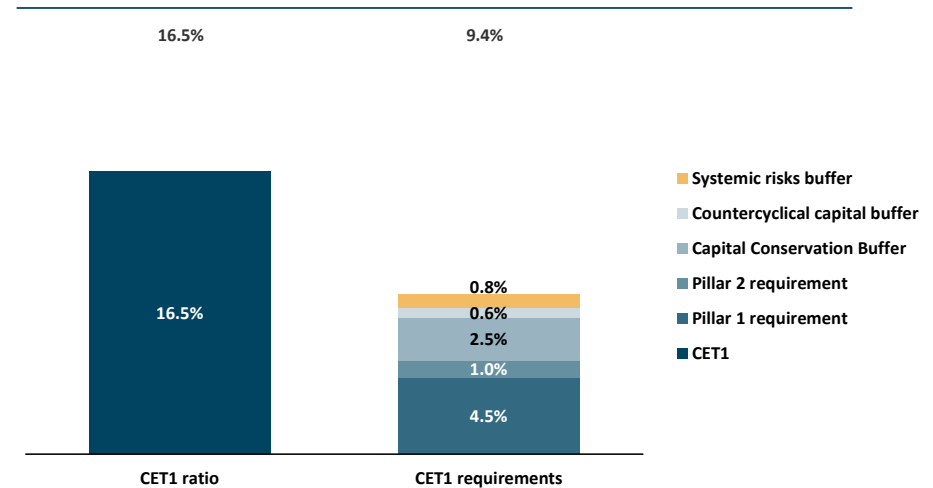
Münchener Hypothekbank comfortably exceeds the regulatory minimum CET1 requirements

- Münchener Hypothekbank's CET1 ratio of 16.5% as per 31/12/2023 is comfortably above the minimum SREP requirements (CET1) of 9.4%.
- Münchener Hypothekbank has not been identified as an Other Systemically Important Institution (O-SII) and hence is not required to meet an O-SII charge currently.
- ADI amount to EUR 514 m (31/12/2023).
- RWA add up to EUR 10,644 m (31/12/2023).

Capitalisation 31/12/2023



CET1 ratio 31/12/2023



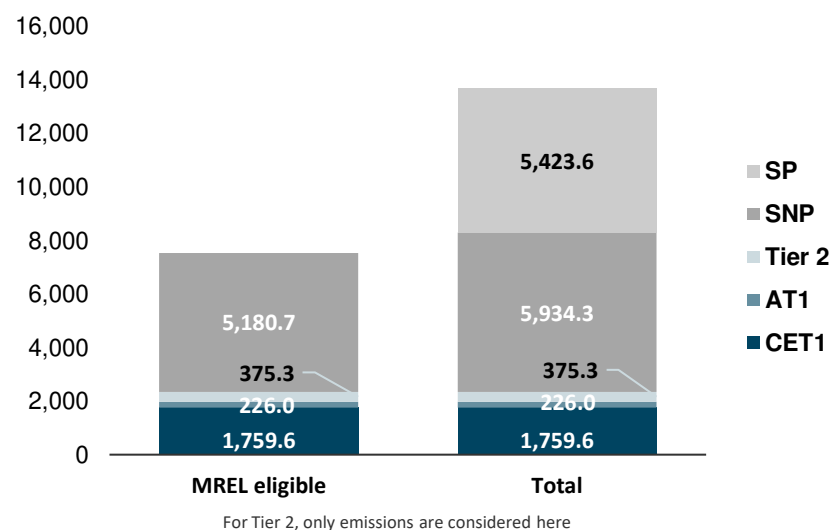


MREL and liability structure

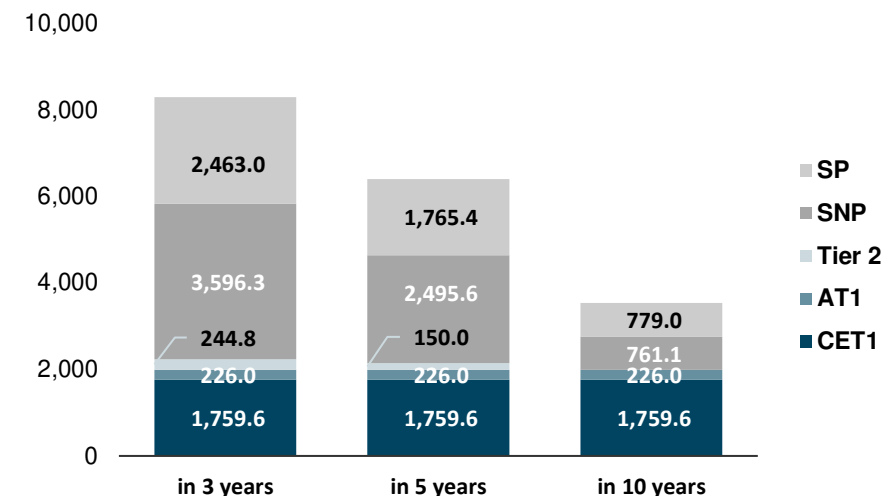
MREL requirements are fulfilled in the long term

- The MREL requirements are currently and in the future comfortably fulfilled.
- The portfolio of MREL-eligible senior non-preferred bonds has been continuously built up in recent years through frequent issuing activity.
- The issuance of bonds with medium- and long-term maturities is possible for investors at any time upon request.

Structure of liabilities 31/12/2023 (EUR m)



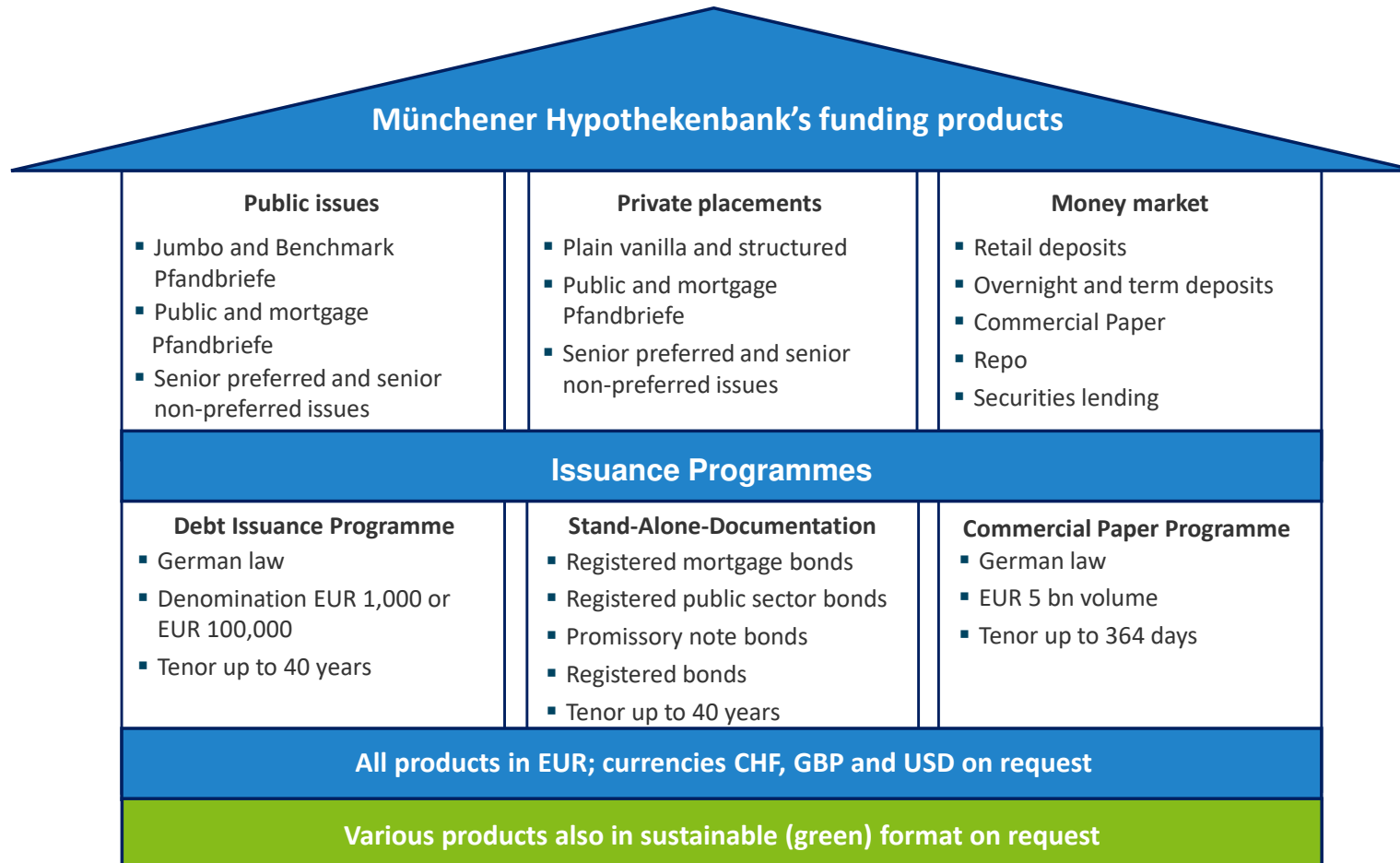
Development liabilities 31/12/2023 (EUR m)





Funding

Funding products



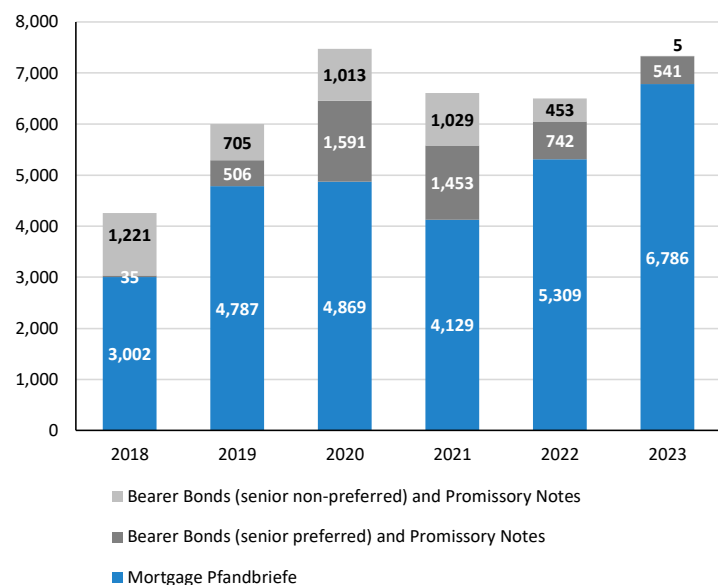


Funding and maturity profile

Münchener Hypothekbank has a comfortable funding and maturity profile

- Funding plan with a balanced distribution across all refinancing products
- Regular issuances of benchmark Pfandbriefe in various currencies and also in sustainable format
- Permanent offer of private placements with tailor-made terms and structures
- Cost efficient access to senior unsecured funding via the Cooperative Financial Network

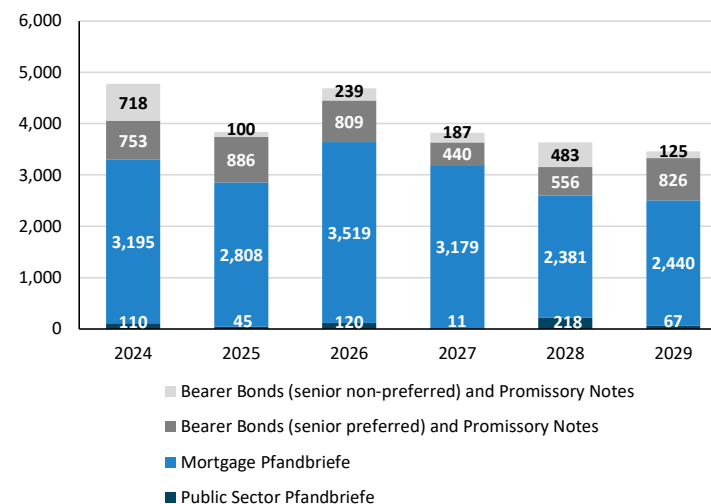
Funding 31/12/2023 (EUR m)



Münchener Hypothekbank ▪ Funding

Maturity profile 31/12/2023 (EUR m)

The maturities are based on the contractual final maturity / differentiation SP and SNP effective from 2018

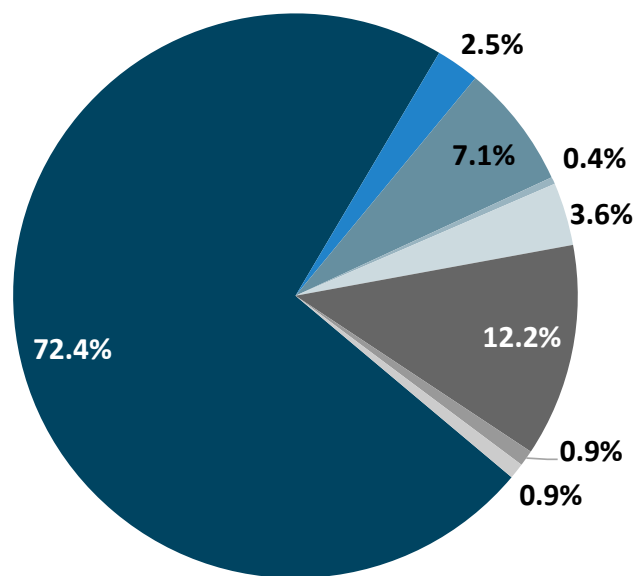




Funding portfolio

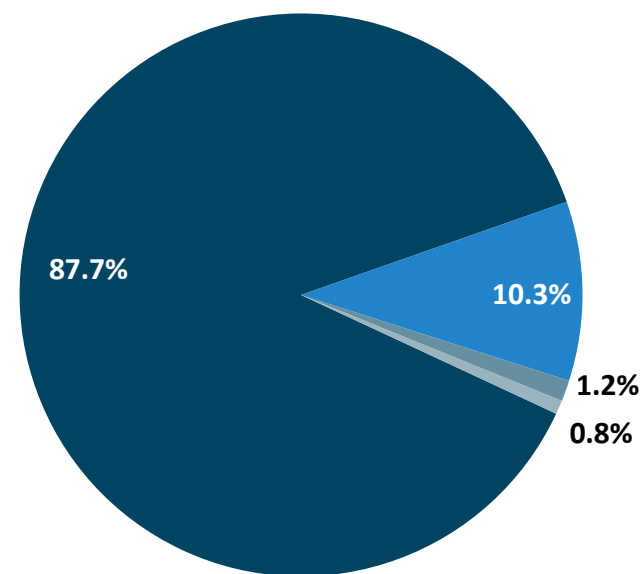
Overview of Münchener Hypothekbank's refinancing portfolio 31/12/2023

Funding products



- Mortgage Pfandbriefe
- Senior preferred capital market
- Senior preferred money market
- Repos (no tender)
- Public Sector Pfandbriefe
- Senior preferred commercial paper
- Senior non-preferred
- Retail deposits

Currencies



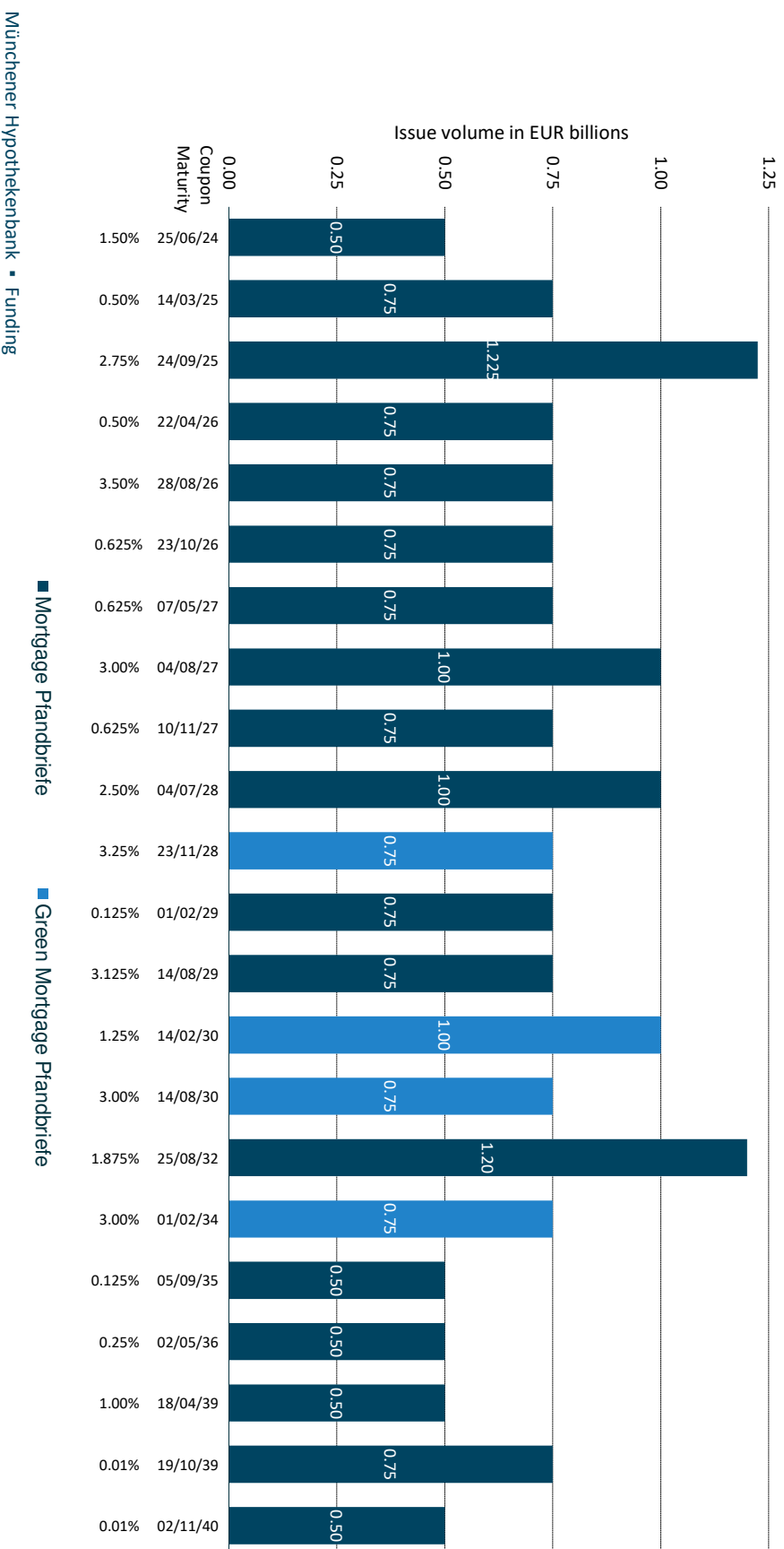
- EUR
- CHF
- USD
- GBP



Münchener Hypothekbank's EUR benchmark Pfandbriefe

Frequent benchmark issuer

Total volume of outstanding EUR benchmark Pfandbriefe: EUR 16.925 bn (04/06/2024)



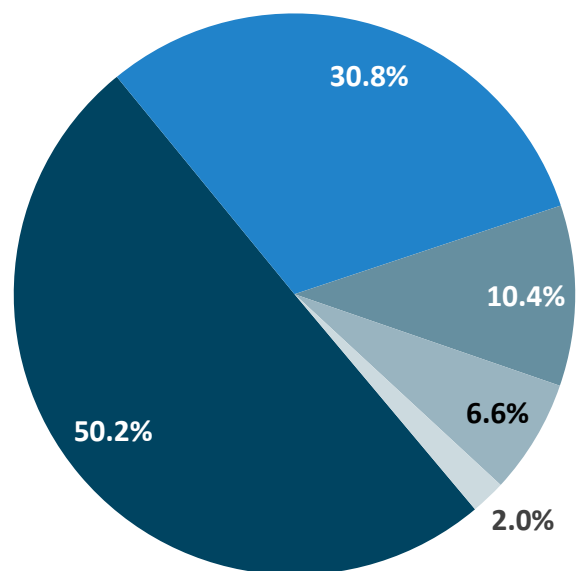


Lately issued benchmark Pfandbriefe

Issue January 2024: EUR 0.5bn, 10 years green Mortgage Pfandbrief, MS + 34bp

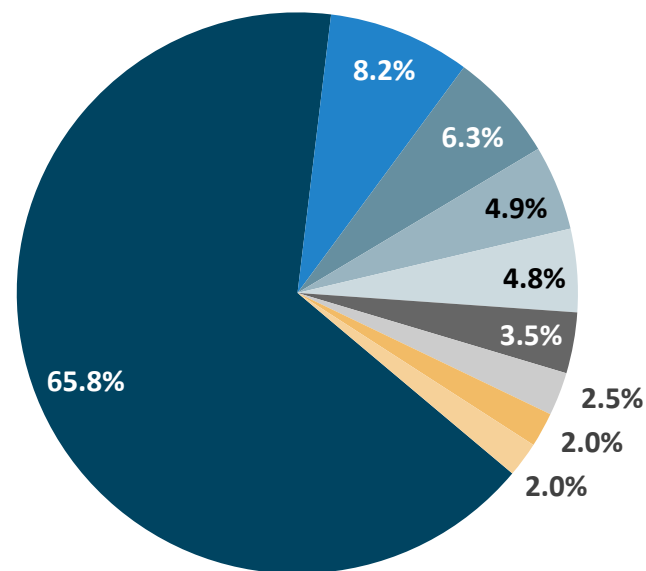
- ISIN DE000MHB38J4, 01/02/2024 – 01/02/2034
- Orderbook at re-offer above EUR 3.4 bn
- 123 orders from 17 countries

Investor type



- Banks
- Asset Manager & Funds
- Central Banks & OI
- Insurances & Pension funds
- Others

Geographic split



- Germany
- BeNeLux
- UK & Ireland
- Austria & Switzerland
- France
- Nordics
- Czech Republic
- Italy
- Others



Appendix



Contact

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