

The copy of the auditor's report reproduced in the following also includes an 'Assurance report in accordance with section 53(4) of the German Cooperatives Act (Genossenschaftsgesetz – GenG) and section 317(3b) of the German Commercial Code (Handelsgesetzbuch – HGB) on the electronic reproduction of the annual financial statements and the management report prepared for publication purposes' ('separate report on ESEF compliance'). The subject matter (ESEF documents covered by the assurance engagement) to which the separate report on ESEF compliance relates is not attached. The ESEF documents covered by the assurance engagement can be inspected in, or retrieved, from the Federal Gazette.

Independent Auditor's Report

TO MÜNCHENER HYPOTHEKENBANK EG, MUNICH

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Audit opinions

We have audited the annual financial statements of Münchener Hypothekenbank eG, Munich (the 'Cooperative'), comprising the balance sheet as at 31 December 2020, the income statement, cash flow statement and statement of changes in equity for the financial year from 1 January 2020 to 31 December 2020, as well as the notes to the annual financial statements, including the presentation of the accounting policies. In addition, we audited the management report of the Cooperative for the financial year from 1 January 2020 to 31 December 2020. In accordance with the German legal requirements, we did not audit the content of the components of the management report referred to in the section entitled "Other information".

In our opinion, on the basis of the knowledge obtained in the audit:

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to credit cooperatives with publicly traded debt instruments and give a true and fair view of the assets, liabilities and financial position of the Cooperative as at 31 December 2020 and of its financial performance for the financial year from 1 January 2020 to 31 December 2020 in compliance with German proper accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Cooperative's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the components of the management report referred to in the section entitled "Other information".

In accordance with section 322(3) sentence 1 of the HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and the management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and the management report in accordance with section 53(2) of the GenG, sections 340k and 317 of the HGB, and the EU Statutory Audit Regulation (No. 537/2014), and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany – IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and the management report" section of our auditor's report. We are independent of the Cooperative in compliance with the requirements of European law and German commercial law and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with point (f) of Article 10(2) of the EU Statutory Audit Regulation in conjunction with sections 55(2) and

38(1a) of the GenG, we declare that none of the persons employed by us who could influence the results of our audit provided any non-audit services prohibited under Article 5(1) of the EU Statutory Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January 2020 to 31 December 2020. These matters were addressed in the context of our audit of the annual financial statements as a whole and, in forming audit opinion thereon, we do not provide a separate audit opinion on these matters.

In the following, we describe what we consider to be the key audit matters:

Recoverability of loans and advances to customers

We have structured our presentation of these key audit matters as follows:

- a) Matter and issue
- b) Audit approach and findings
- c) Reference to further information

a) Claims on customers of EUR 40.3 billion are reported in the annual financial statements of Münchener Hypothekbank eG as at 31 December 2020. Most of these claims on customers are secured by mortgages. Total loan loss allowances (specific valuation allowances and global valuation allowances) of EUR 42.5 million were recognised as at 31 December 2020.

Münchener Hypothekbank eG regularly reviews the market and lending values of the properties on the basis of appraisals and analyses the economic circumstances of the borrowers, including on the basis of submitted annual financial statements, business plans and management accounting reports, among other documents. These results flow into the borrowers' ratings.

As a rule, the market and lending values of the properties are determined by appraisers using the income approach or the 'Sachwertverfahren', which is a specifically German form of the modified cost approach. The valuation parameters selected for this purpose significantly influence the value of the collateral and the recognition of any necessary loan loss allowance. Recognition of the loan loss allowance is subject to estimation uncertainty in this respect.

The risk exposure in the annual financial statements is that the need to recognise loan loss allowances is not identified in a timely manner or in an adequate amount.

b) Among other things, in the course of our audit we examined the available documentation relating to the valuation of the properties serving as collateral and the monitoring of the economic circumstances in a sample of loan exposures, and satisfied ourselves that the ratings were performed appropriately and in a timely manner.

In particular, we assessed whether the valuation parameters applied and the assumptions made in the appraisals are appropriate and reasonable. Among other things, we relied on publicly available market data to do this.

Based on our audit, the assumptions made by Münchener Hypothekbank eG in reviewing the recoverability of the

loans and advances are appropriate, taking into account the available information.

c) For information on the measurement of loans and advances to customers and the recognition of loan loss allowances, please refer to the section entitled 'General information on accounting policies' in the notes to the annual financial statements. For information on the process of counterparty credit risk management, please refer to the section entitled 'Counterparty credit risk' in the risk report, which is part of the management report.

Other information

The Board of Management is responsible for the other information. The other information comprises the following documents obtained by us prior to the date of this auditor's report:

- the corporate governance statement in accordance with section 289f(4) of the HGB contained in the management report (disclosures on the percentage of women in governing bodies). We did not examine the content of this component of the management report.
- the separate non-financial report in accordance with section 289b(3) of the HGB.

The other information also comprises

- all the other parts of the annual report – excluding other cross-references to external information – with the exception of the audited annual financial statements and management report, as well as our auditor's report.

Those other parts of the annual report are expected to be made available to us after the date of this auditor's report.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon. In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Board of Management and the Supervisory Board for the annual financial statements and the management report

The Board of Management of the Cooperative is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to credit cooperatives with publicly traded debt instruments, and for ensuring that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Cooperative in compliance with German proper accounting principles. In addition, the Board of Management is responsible for such internal control as it, in accordance with German proper accounting principles, has determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Board of Management is responsible for assessing the Cooperative's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters relating to going concern. In addition, it is responsible for financial reporting

based on the going concern basis of accounting, provided no actual or legal circumstances conflict with this.

The Board of Management is additionally responsible for preparing the management report that as a whole provides an appropriate view of the Cooperative's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the Board of Management is responsible for such arrangements and measures (systems) as it has considered necessary to enable the preparation of a management report that complies with the German legal requirements, and to be able to provide sufficient, appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Cooperative's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's responsibilities for the audit of the annual financial statements and the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Cooperative's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 53(2) of the GenG, sections 340k and 317 of the HGB, and the EU Statutory Audit Regulation in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the IDW will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual financial statements and the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the Board of Management and the reasonableness of estimates made by the Board of Management and related disclosures.

- conclude on the appropriateness of the Board of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and the management report or, if such disclosures are inadequate, to modify our opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Cooperative to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Cooperative in compliance with German proper accounting principles.
- evaluate the consistency of the management report with the annual financial statements, its conformity with German law and the view of the Cooperative's position it provides.
- perform audit procedures on the prospective information presented by the Board of Management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Board of Management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these

assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Assurance report in accordance with section 53(4) of the German Cooperatives Act (Genossenschaftsgesetz – GenG) and section 317(3b) of the German Commercial Code (Handelsgesetzbuch – HGB) on the electronic reproduction of the annual financial statements and the management report prepared for publication purposes

Reasonable assurance conclusion

We have performed an assurance engagement in accordance with section 53(4) of the GenG and section 317(3b) of the HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and of the management report contained in the attached electronic file `muenchenerhyp_annual_report_2020_esef.xhtml` and prepared for publication purposes (the 'ESEF documents') complies, in all material respects, with the requirements of section 328(1) of the HGB for the electronic reporting format ('ESEF format'). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies, in all material respects, with the requirements of section 328(1) of the HGB for the electronic reporting format. We do not express any opinion on

the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file, beyond this reasonable assurance conclusion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January 2020 to 31 December 2020 contained in the 'Report on the audit of the annual financial statements and of the management report' above.

Basis for the reasonable assurance conclusion

We conducted our assurance engagement on the reproduction of the annual financial statements and the management report contained in the above-mentioned attached electronic file in accordance with section 317(3b) of the HGB and the Exposure Draft of IDW Assurance Standard: Assurance in accordance with section 317(3b) of the HGB on the electronic reproduction of financial statements and management reports prepared for publication purposes (ED IDW AsS 410). Accordingly, our responsibilities are further described below in the section entitled 'Auditor's responsibilities for the assurance engagement on the ESEF documents'. Our auditing association has applied the IDW Standard on Quality Management: Requirements for quality management in the audit firm (IDW QS 1).

Responsibilities of the Board of Management and the Supervisory Board for the ESEF documents

The Board of Management of the Cooperative is responsible for the preparation of the ESEF documents, including the electronic reproduction of the annual financial statements and the management report in accordance with section 328(1) sentence 4 no. 1 of the HGB.

In addition, the Board of Management of the Cooperative is responsible for such internal control as it has considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of section 328(1) of the HGB for the electronic reporting format, whether due to fraud or errors.

The Board of Management of the Cooperative is also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited annual financial statements and audited management report, as well as other documents to be published, to the operator of the German Federal Gazette (Bundesanzeiger).

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's responsibilities for the assurance engagement on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of section 328(1) of the HGB, whether due to fraud or error. We exercise professional judgement and maintain professional scepticism throughout the assurance engagement. We also:

- identify and assess the risks of material non-compliance with the requirements of section 328(1) of the HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.

- obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version applicable as at the reporting date, governing the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction whose content is identical to the audited annual financial statements and the management report.

Further information in accordance with Article 10 of the EU Statutory Audit Regulation

As the responsible auditing association, we are the statutory auditor of the Cooperative.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Supervisory Board or the Audit Committee in accordance with Article 11 of the EU Statutory Audit Regulation in conjunction with section 58(3) of the GenG (long-term audit report).

Persons employed by us who could influence the results of the audit have provided the following services, which were not disclosed in the annual financial statements or in the management report of the audited Cooperative, in addition to the statutory financial statement audit for the audited Cooperative or for companies controlled by it:

- other assurance services for banking supervision
- other assurance services in connection with the deposit guarantee scheme

- review of the condensed half-yearly financial statements and of the interim management report
- review of the separate non-financial report
- issuance of comfort letters.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Dorothee Mende.

Bonn, 15 March 2021

DGRV – Deutscher Genossenschafts-
und Raiffeisenverband e.V.

Peter Krüper
(German Public Auditor)

Dorothee Mende
(German Public Auditor)

Affirmation by the Legal Representatives

To the best of our knowledge, and in accordance with applicable reporting principles for annual financial reporting, the annual financial statements give a true and fair view of the assets, liabilities, financial position and earnings situation of the company, and the management report of the company includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the anticipated development of the company.

Munich, 2 February 2021

Münchener Hypothekbank eG

The Board of Management



Dr. Louis Hagen
Chairman of the
Board of Management



Dr. Holger Horn
Member of the
Board of Management