

MÜNCHENER HYPOTHEKEN BANK

Non-Financial Report
2022





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FOREWORD OF THE BOARD OF MANAGEMENT

Dear reader

Because of Russia's war of aggression against Ukraine, the security of energy supply became a dominant topic last year. As a result, politicians, business leaders and the public were much more sharply focused on the need to develop new, more sustainable sources of energy and to save more energy than before. Properties are the main consumers of energy and cause the most emissions. Building, renovating and upgrading in a sustainable manner are therefore becoming increasingly important in order to reduce energy consumption and mitigate the effects of climate change. Not just the construction industry but also the banking industry has an important role to play here, because property financing makes up about half of the lending volume in Germany.¹ As a property bank, we therefore consider ourselves especially obligated to promote sustainability in the property industry. In this spirit, we rewrote and enhanced our sustainability strategy in 2022. It essentially aims to integrate sustainability

into the Bank's core business. Specifically, this means expanding our range of sustainable products and developing products on both the assets and liabilities side that are conformity with the EU Taxonomy. In addition, we are planning to measure and continually increase our green asset ratio. To do so, we will continuously improve our available data and intensify the dialogue with our most important stakeholders. In this report, you will learn about what else we intend to do on our path to becoming a sustainable property bank. We wish you enjoyable reading.

Dr. Holger Horn
Chief Executive Officer



»As a real estate bank, we are particularly committed to sustainability in the real estate industry.«

DR HOLGER HORN
CHIEF EXECUTIVE OFFICER

¹ See Bundesbank statistics Q3/2022: "Lending to domestic enterprises and households, housing loans / Total / All categories of banks": EUR 1,758.267 billion, and "Lending to domestic enterprises and resident individuals / Total / All categories of banks": EUR 3,351.020 billion.



ABOUT THIS REPORT

Münchener Hypothekenbank (hereinafter referred to as "MHB" or the "Bank") has reported on non-financial aspects and the material economic, environmental and social impact of its business activities every year since 2012. The report for the financial year 2021 appeared in April 2022. This non-financial report for the financial year 2022, which corresponds to the calendar year, was prepared in accordance with section 340a (1a) of the German Commercial Code (Handelsgesetzbuch – HGB) and section 289b (3) HGB, as well as with Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation"). The non-financial report was guided by the Global Reporting Initiative (GRI) standards. We also are committed to the principles of the UN Global Compact. The report covers the headquarters in Munich and our 10 other offices in Germany, but not any of the MHB subsidiaries.

In April 2021, the European Commission proposed a Corporate Sustainability Reporting Directive (CSRD). The proposal was accepted by the European Parliament in November 2022 and supplemented by a draft of uniform European Sustainability Reporting Standards (ESRSs). Both apply to MHB, and application of them is mandatory starting in the financial year 2024.

DGRV – Deutscher Genossenschafts- und Raiffeisenverband e.V. was tasked with conducting a limited assurance audit of the non-financial report. The non-financial report is published together with the management report on MHB's website.

In 2021, we conducted a materiality analysis to determine which sustainability topics are relevant to the Bank, as well as the associated opportunities and risks, and to rank these in order of priority. The topics we identified served as the basis for developing our sustainability strategy, which was derived from our business and risk strategy. The strategy was enacted by the Board of Management in 2022 (see the section "Sustainability approach"). This non-financial report is structured on the basis of these material topics.

Further information on the materiality analysis can be found in the non-financial report of 2021.

www.muenchenerhyp.de/en/NFR2021



SUSTAINABLE BUSINESS MODEL

Business model and strategy

MHB is a credit institution specialising in residential and commercial property financing for private and professional customers. It was founded in 1896 as "Bayerische Landwirtschaftsbank eGmbH" with the support of the Kingdom of Bavaria. Over the years, Bayerische Landwirtschaftsbank has evolved from its agrarian-oriented origins to become the MHB of today, an organisation active in both national and international markets. The Bank is an independent credit institution with no majority shareholder and currently has around 62,800 members. The majority of the Bank's members are credit unions and private individuals. With assets totaling EUR 52.4 billion as at 31 December 2022 and 691² employees, MHB is categorised as a significant financial institution and is therefore subject to direct supervision by the European Central Bank (ECB).

MHB belongs to the Genossenschaftliche FinanzGruppe (Cooperative Financial Network), which comprises 737 Volksbanken, Raiffeisenbanken and other affiliated cooperative enterprises, such as DZ BANK, the insurer R+V Versicherung, Union Investment and the building society Bausparkasse Schwäbisch Hall.

The Bank operates in three business areas. Its core areas of business are residential and commercial property financing in Germany and abroad. Hence, the Bank is one of only a small

number of banks offering private residential property financing as well as large-scale financing for commercial properties. It also invests in highly liquid bank securities and government bonds, which are used to manage liquidity and the cover pool. However, this activity is not part of the core business and has a supporting function only.

In the residential property financing segment, MHB lends to private customers in Germany via its cooperation partners, including the Volksbanken and Raiffeisenbanken, other cooperative credit institutions and independent financial advisers and brokers. MHB works with PostFinance in Switzerland and with select brokers in Austria. Cooperation with the Volksbanken and Raiffeisenbanken is managed via 11 MHB offices located in Augsburg, Berlin, Cologne, Dresden, Frankfurt am Main, Hamburg, Hanover, Munich, Münster, Nuremberg and Stuttgart.³

In the commercial property segment, the Bank chiefly finances apartment blocks, office buildings, hotels and retail and logistics properties in Germany and abroad. The business comprises direct acquisition and syndicated business and, here too, is partly arranged via the Volksbanken and Raiffeisenbanken. The Bank's commercial property lending business is managed centrally from Munich and from the offices in Frankfurt am Main, Hamburg, Cologne and Berlin.

Funding is mainly obtained via Mortgage Pfandbriefe, which are rated Aaa, the highest possible rating, by Moody's. The Bank also issues unsecured bearer bonds on the capital market and raises funds on the money market. Its investors are predominantly institutional investors, such as asset managers and investment funds, pension funds, insurance companies and (central) banks, but also include some private investors.

In November 2022, MHB signed a contract to acquire M.M.Warburg & CO Hypothekbank AG (hereinafter, "Warburg Hypothekbank") and plans to purchase all shares held by the previous owners, M.M.Warburg & CO and Landeskrankenhilfe V.V.a.G. With the planned acquisition of Warburg Hypothekbank, MHB is expanding its low-risk loan portfolio and will benefit from other positive economic effects. The closing on the purchase of the shares is still subject to required official approvals.

In recent years, three developments have gained momentum in the banking industry, particularly in Germany, and they make it likely that the industry's existing structures will change significantly. They are digitalisation, regulation and the ECB's monetary policy.

As set down in the business strategy, our vision is to be the property bank of tomorrow – sustainable, digital and reliable – that combines the cooperative tradition with the future.

² Total number of employees as at the reporting date of 31 December 2022, excluding subsidiaries and excluding temporary staff, working students and agency workers.

³ With exception of the headquarters in Munich, an average of about eight employees work at the regional offices.



Sustainability approach

SUSTAINABILITY STRATEGY

The topic of sustainability has become increasingly important in recent years, particularly in light of the pressing challenging of limiting the effects of climate change. The banking industry will play a major role in this task. As result, we want to make MHB become an even more sustainable bank. The sustainability topics that were prioritised in 2021 as part of a materiality analysis served as the basis for developing a sustainability strategy in 2022. The following action areas were

identified (see graphic) and then supplemented with appropriate sub-targets and performance indicators.

The Board of Management enacted the strategy in the summer of the reporting year. It is being implemented in close cooperation with the specialist departments. Plans call for the key issues to be reviewed on a regular basis.

In particular, our business activities should contribute to achieving the targets of the Paris Agreement. We used the year 2022 to expand our existing products and, in doing so, to integrate sustainability aspects even more strongly in our core business.

RATINGS

MHB's sustainability performance is measured using select ratings. The sustainability rating agency ISS ESG has rated us "C+". It has thus awarded us Prime status, which places us among the top performers in the Financials/Mortgage & Public Sector rating peer group.

The ESG rating of the rating agency Sustainalytics also measures the extent to which MHB takes into account the environmental, social and governance topics that are most relevant to its business. Sustainalytics' ratings are based on a scoring system of 0 to 40+. The lower the risk score, the better the sustainability management. MHB's risk score stood at 16.3 in 2022. This corresponds to low risk and puts the Bank in 10th place in the Thrifts and Mortgages peer group.⁴

In addition, DZ Bank awarded us its quality seal for sustainability once again in 2022. This sustainability rating is based on an integrated analysis approach that incorporates the economic aspects of sustainability as well as the classic ESG perspective.

The key action areas in MHB's sustainability strategy



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Stakeholder engagement

In 2022 the Bank continued to remain in close contact with its most important stakeholders: supervisory authorities, investors and rating agencies, as well as employees, customers, brokers and, in particular, our members.

We were in discussions with the supervisory authorities as a result of the ECB stress test. Our Joint Supervisory Team also conducted a thematical review. We communicate transparently with investors and provide feedback on rating estimates. In addition to general discussions in the business process, the dialogue with the other stakeholders takes place in a variety of formats, such as actively participating in and organising events like employee assemblies, holding events with partner banks, having a booth at the EXPO REAL trade fair, etc., as well as various surveys with subsequent analysis. This constitutes the basis for launching corresponding measures to make the Bank even better to the satisfaction of the most important stakeholders. In future, general customer and broker surveys on satisfaction will also include an explicit question about the importance of the topic of sustainability in order to anticipate even more strongly the interests of stakeholders in such concerns.

To ensure that we are aware of all current developments relating to sustainability topics and can thus further extend our positive influence on society, we maintain a dialogue with other credit institutions in the Cooperative Financial

Network, as well as with banks in other sectors and via various platforms. We are involved in associations such as the National Association of German Cooperative Banks (BVR), the regional cooperative associations, the Association of German Pfandbrief Banks (vdp), the European Covered Bond Council (ECBC) and the Association of Environmental Technology (VfU). Since December 2021, we have been a member of the ECORE initiative (ESG Circle of Real Estate), which is aiming to develop an ESG score for property. We take part in various working groups, participate in discussions and comment on regulatory documents for the supervisory authorities, the EU and the ECB in consultation processes. We contribute our knowledge at events and highlight the relevance of sustainability and ESG issues in publications and interviews.

Responsible corporate governance

MHB's lending and its issuing of securities, the jobs we offer and the salaries and taxes we pay all contribute to the economic and social well-being of our country. We want to maximise this social added value and secure it for the long term.

The Bank is therefore committed to tax honesty and gears its business model towards long-term success. For example, it does not shift revenues to low-tax jurisdictions, nor does it establish special purpose entities for tax minimisation purposes in countries that are on Oxfam's tax haven list. Our

business model significantly limits liquidity and interest rate risks. We are committed to responsible and risk-conscious lending and to funding that is geared towards the long term, with maturities matched as closely as possible through the issuing of our Pfandbriefe.

MHB also helps to further its long-term success through robust corporate governance that ensures the accountability and performance of the Board of Management, Supervisory Board and employees. Guidelines and rules set standards concerning, for example, individual and collective knowledge, skills and experience, and the reliability, independence and time availability of members of the Board of Management and Supervisory Board and key employees. Aspects of diversity, including gender, age, educational background and geographical origin, are also taken into account. Long-term succession planning for the Board of Management and Supervisory Board takes into account the business model, the strategic direction and the suitability assessments of the members of the management bodies, as well as knowledge about the topic of sustainability and ESG risks on the Board of Management and Supervisory Board.

The Nomination Committee supports the Supervisory Board in the further implementation of succession planning and oversees the onboarding of new members at the level of the management bodies.



The Supervisory Board is regularly updated on sustainability topics. Moreover, in December 2022 the Supervisory Board received training from an external provider in greenwashing risks and ESG risk management.

Responsibility for the topic of sustainability lies with the CEO. At the level of the Board of Management, the Chief Risk Officer (CRO) is responsible for all risk topics, including ESG risks. Two sustainability advisors work in the "Strategy and Organisation" staff department.

There was one change in the allocation of responsibilities on the Board of Management in 2022. Mr Wirsén was appointed Chief Risk Officer (CRO), effective 1 October 2022. Dr Horn, who had previously held that position, was appointed co-CEO together with Dr Hagen, effective 1 October 2022. Following Dr Hagen's retirement at the end of the year, Dr Horn assumed sole responsibility for the CEO position from 1 January 2023.

Governance is addressed in the ESG Framework, including the structures and responsibilities for all sustainability topics, as well as ESG risk management topics. The ESG Committee, which began its work in 2022, meets monthly as well as on an ad-hoc basis in order to pool sustainability activities in MHB and ensure they are embedded in the organisation. The ESG Committee is made up of the heads of the departments affected by the pertinent ESG topics and advises the Board of Management on all matters relating to sustainability. It prepares decisions that are relevant to sustainability, particularly with regard to the development of the sustainability strategy and the implementation of regulatory requirements, and presents them to the Board of Management as a whole.

Transparency and reporting

MHB reports on its activities, responsibilities, control mechanisms and processes in a transparent manner. General information is provided in the annual report, while information relating to sustainability can be found in this non-financial report and on our website. Here, we publish our ratings results, our Green Bond Framework and the second-party opinion (SPO) on our sustainable loans and Green Bonds. The impact report provides information on the reduction in greenhouse gas emissions achieved through the Green Mortgage Loan scheme and the financing of certified commercial properties (for more on this topic, please see "Climate protection in core business"). On the Investors page of our website, we also publish reports on our sustainable bonds and our sustainable portfolio, both annually and during the year.

The regulatory requirements placed on our Bank in terms of sustainability remained at a very high level. The EU, the ECB, the European Banking Authority (EBA) and German Federal Financial Supervisory Authority (BaFin) drew up various regulatory documents that have an impact on MHB's core business, risk management and reporting in particular. The main regulatory topics are the EU Taxonomy, the Corporate Sustainability Reporting Directive (CSRD), the ECB Guide on Climate-Related and Environmental Risks, disclosures in accordance with CRR II and the Guidelines on Loan Origination and Monitoring (LOaM).

To ensure that the Bank can fulfil existing and future regulatory requirements, the Board of Management has set up a project with the aim of specifying responsibilities and tasks

and creating structures and processes as well as compiling the necessary data that will serve as the basis for this. The project started in November 2021 and will run until May 2023. Almost all departments within the Bank are involved in this project, which has been commissioned by the CEO.

Taxonomy – disclosure

The Taxonomy Regulation (Regulation (EU) 2020/852) aims to further the sustainable development initiatives in Europe's finance industry in the sense of the EU Green Deal and contribute to the achievement of the Paris climate targets. The Taxonomy Regulation is intended to help channel the flow of finance to sustainable economic activities and establish uniform criteria for their evaluation. According to the Taxonomy Regulation, undertakings subject to an obligation to publish non-financial information as well as financial market participants must report on business activities specified in the EU Taxonomy in their non-financial statements. Reporting requirements are defined in Article 8 of the Taxonomy Regulation and in Commission Delegated Regulation (EU) 2021/2178 on disclosure (the "Delegated Regulation") and are to be implemented in line with the gradual introduction of taxonomy conformity.



As was the case for the reporting year 2021, the following information must be disclosed pursuant to Article 10(3) of the Delegated Regulation also for the reporting year 2022:

- the proportion in total assets of exposures to Taxonomy-eligible and Taxonomy non-eligible economic activities (KPI 1 and KPI 2)
- the proportion in total assets of the exposures referred to in Article 7, paragraphs 1 to 3 of the Delegated Regulation
 - » the proportion in total assets of exposures to central governments, central banks and supranational issuers (KPI 3)
 - » the proportion in total assets of exposures to derivatives (KPI 4)
 - » the proportion in total assets of exposures to undertakings that are not subject to an obligation to publish a non-financial statement pursuant to Articles 19a and 29a of Directive 2013/34/EU (KPI 5)
- the proportion of the trading portfolio (KPI 6) and on-demand interbank loans (KPI 7) in total assets
- the qualitative information referred to in Annex XI of the Delegated Regulation

This results in the following KPIs (as at 31 December 2022):

KPI 1	Proportion of Taxonomy-eligible assets in total assets	47.37 %
KPI 2	Proportion of Taxonomy non-eligible assets in total assets	16.18 %
KPI 3	Proportion of exposures to central governments, central banks and supranational issuers in total assets	6.43 %
KPI 4	Proportion of exposures to derivatives in total assets	0.63 %
KPI 5	Proportion of exposures to undertakings not subject to an obligation to publish a non-financial statement in total assets	27.47 %
KPI 6	Proportion of exposures in the trading portfolio in total assets	n/a
KPI 7	Proportion of on-demand interbank loans in total assets	1.52 %

Due to the sometimes vague legislative framework for the implementation of the Taxonomy Regulation and the related delegated acts, the calculation of the KPIs is based on several basic assumptions and simplifications. In doing so, MHB is guided by the requirements in Annexes V and VI of the Delegated Regulation concerning Article 8 of the Taxonomy Regulation. This is intended to ensure the greatest possible consistency between the simplified reporting as at 31 December 2021 and 31 December 2022 and the more extensive reporting obligations as at 31 December 2023. Existing definitions and reporting items from financial reporting (FINREP) or other regulatory frameworks will be used wherever they are applicable. The FINREP (gross) carrying values as at the reporting date of 31 December 2022 form the basis for calculating the KPIs for both the numerator and the denominator.

In evaluating Taxonomy eligibility (KPI 1 and KPI 2), MHB takes into account the exposures that can be included in the numerator of the future green asset ratio (GAR) in accordance with Annex V of the Delegated Regulation. This includes transactions with undertakings (both financial and non-financial) that are subject to an obligation to publish a non-financial statement, as well as with households and local

governments. With reference to Article 7(3) of the Delegated Regulation, only customers from the European Economic Area (EEA, i.e. EU including Liechtenstein, Iceland and Norway) are taken into consideration. Further limitations with respect to product and customer groups are not envisaged.

Other than where a transaction has already been excluded from consideration based on the previously defined criteria, its underlying purpose is analysed. Transactions that do not have a clear purpose or those whose purpose cannot be clearly derived are classified as Taxonomy non-eligible. In doing so, MHB uses a conservative definition.

In commercial business, the Bank makes the majority of its loans to property companies and small housing enterprises. These customers are not subject to an obligation to publish a non-financial statement. Therefore, the transactions are excluded from the numerator of KPI 1 and KPI 2 and are considered Taxonomy non-eligible. Accordingly, a large part of the commercial portfolio falls under KPI 5 (exposures to undertakings not subject to an obligation to publish a non-financial statement) and in future cannot be taken into consideration when calculating the GAR.

At this time, only limited data are available for identifying undertakings subject to an obligation to publish a non-financial statement. Therefore, MHB uses an interim solution for calculating KPI 1, KPI 2 and KPI 5: Customers are classified as subject to an obligation to publish a non-financial statement if their country of domicile is within the EEA and they are not a small or medium-sized enterprise (SME) under FINREP.

When calculating KPI 3, reference is made to the FINREP definitions, and it is assumed that the supranational issuers are included in the customer group "government sector" or "general governments".



As there are no financial instruments in MHB's trading portfolio (as at 31 December 2022), neither quantitative reporting (KPI 6) nor the publication of the accompanying qualitative information is carried out.

As part of the qualitative disclosures outlined in Annex XI of the Delegated Regulation, explanations of the nature and objectives of Taxonomy-alignment are published. Because of the gradual introduction of the reporting obligations, we will publish these disclosures when Taxonomy-alignment enters into force.

Through the inclusion of the Taxonomy Regulation into its sustainability approach and the sustainability strategy enacted in 2022, the Bank is aiming to gear the product development process and thus the product portfolio more strongly toward Taxonomy-aligning offers.

Further information about these activities can be found in this report, particularly in the chapters "Sustainable business model: Sustainability approach" and "Environmental responsibility: Climate protection in core business".

In line with the gradual introduction of the Taxonomy disclosure obligations and Annex XI of the Delegated Regulation, MHB will publish the GAR as well as qualitative disclosures on its Taxonomy-aligned business activities in the next reporting year.

Data protection

To protect personal data, MHB complies with laws (particularly the European General Data Protection Regulation) and regulations, as well more specific rules concerning processing

and use of data. The Information Security and Data Protection Guideline defines processes and responsibilities for implementing the requirements, as well as forming the basis for the Bank's ISMS (information security management system), which also incorporates data protection. The information security and data protection officers monitor and control the ISMS. In this regard, our management system for information security is in line with ISO 27001, and internal and external audit are performed on a regular basis.

There were no substantiated complaints in 2022 with respect to the infringement of protection or loss of customer data. To ensure this in future as well, we established and implemented arrangements in the reporting year, particularly concerning transfer of data to third countries, developed a cloud compliance framework, implemented key improvements to the records of processing activities in accordance with Article 30 of the European General Data Protection Regulation (GDPR), revised the process for data breaches, and continued to erase and anonymise data pursuant to the rules of the GDPR concerning storage duration.

All employees of the Bank are bound by data secrecy and receive training on information security and data protection every two years. About 400 employees completed training courses in 2022. All other employees, as well as new employees, will be given training on it in 2023. In addition, a new training platform is to be introduced, which will further improve management for employees. In addition to basic training courses, measures are also carried out to raise the awareness of employees for current specialised topics (e.g. a phishing simulation). These measures will be continued in 2023.

Compliance

The aim of compliance is to ensure adherence to legal and regulatory guidelines as well as internal requirements. If the Bank is linked to any irregular conduct, whether intentional or not, this could harm its reputation and cause significant economic damage.

The Bank has established a compliance function to counteract risks that may arise from non-compliance with legal and regulatory requirements, including in the area of corruption and bribery, money laundering and terrorist financing. The Bank's compliance officer, who also acts as the anti-money laundering officer, is responsible for the continuous optimisation of compliance processes. She is directly subordinate to management and reports to it.

By means of comprehensive legal monitoring, relevant regulatory changes are identified, and implementation processes are initiated in a timely manner. The compliance function works with the Board of Management and relevant business units to counter compliance risks with appropriate measures and to develop relevant guidelines. The compliance guidelines, which are geared towards the risk situation of the Bank and its subsidiaries, take into account the relevant legal and regulatory requirements that are material to the Bank.

In an annual report that is addressed to the Board of Management and forwarded by the latter to the Supervisory Board, the compliance function documents the most important activities and changes and the corresponding key figures internally for each area.



COMBATING CORRUPTION AND BRIBERY

In view of the Bank's many and varied business relationships with national and international customers and business partners, combating all forms of corruption and bribery is given high priority within compliance management. The Bank does not tolerate corruption, bribery or unfair business practices of any kind by employees, the Board of Management, the Supervisory Board or third parties working on the Bank's behalf.

A key component of compliance management is the Code of Conduct, which sets out binding regulations to ensure that all employees, managers and members of the Board of Management act ethically and within the law with respect to customers, business partners, members and colleagues. Among other things, the Code of Conduct prohibits the negotiation or conclusion of agreements that restrain competition.

We treat competitors fairly and with respect. Employees are required to avoid conflicts of interest. Any conflict of interest, whether actual or suspected, must be promptly reported to the responsible manager. The manager must assess whether the reported facts and circumstances may result in a conflict of interest in the business dealings of employees and, if so, work to prevent it through appropriate measures of work organisation or, when in doubt, to contact Compliance. There were no legal proceedings in 2022 with respect to anti-competitive conduct.

The Bank is working on publishing the Code of Conduct on its website in the first half of 2023.

Furthermore, specific guidelines lay down a framework of action for employees and members of governing bodies to follow.

For example, the policy on donations contains binding guidelines for the acceptance and granting of gifts, hospitality and invitations.

The Bank's procurement policy ensures transparent and fair awarding of contracts to third parties by clearly defining differentiated processes for soliciting bids, inviting tenders, selecting bidders and approving and concluding contracts, depending on the volume of the contract.

All the Bank's compliance guidelines are subject to an annual update and review process, which is managed centrally. Employees are informed promptly about changes to the requirements contained in the Code of Conduct and the respective guidelines. They are also made aware of current topics and trained as necessary.

Compliance with the guidelines that have been drawn up is monitored on the basis of risk through checks stipulated in the compliance function's control and monitoring plan. Organisational processes and responsibilities are clearly defined in the event of rule breaches or suspected criminal offences.

Employees can submit reports of concrete suspicions of fraudulent or other illegal acts anonymously via MHB's whistleblowing system. Employees are notified (through the Bank's written rules) about the established system and its channels at a central location. No reports were received in 2022, as in the previous year.

COMBATING MONEY LAUNDERING AND TERRORIST FINANCING

As a credit institution for property financing, MHB also expressly undertakes to combat money laundering and the financing of terrorism.

In line with legal requirements, the anti-money laundering officer is responsible for the Bank's measures to combat money laundering and terrorist financing. Our money laundering risk management system complies with national and international requirements. It is based on the three lines of defence model and, in accordance with the German Money Laundering Act (Geldwäschegesetz – GwG), includes a risk analysis as well as internal safeguards. The risk analysis identifies institution-specific risks for the Bank and is updated at least annually by the anti-money laundering officer with the assistance of the operational units. Measures to reduce money laundering risks are derived from the analysis, and their implementation is monitored by the anti-money laundering officer. Notwithstanding the overall responsibility of the Board of Management, the Bank appointed a member of the Board of Management to take responsibility for managing money laundering risks, in line with section 4 (3) GwG. All employees of the Bank are required to take a web-based training course, which makes them aware of how the Bank manages money laundering risks and what it does to prevent money laundering and terrorist financing. Employees in the front- and back-office departments are obligated to take web-based refresher courses every two years. In addition, user-oriented training courses are held that focus on typical money laundering offences connected with property transactions and financing. In the reporting year, all standard courses envisaged in the anti-money laundering training concept were completed in full by the employees scheduled to take them (see table). The anti-money laundering officer



monitors participation in training courses. The technical reports of the Financial Action Task Force on Money Laundering (FATF) and other domestic and foreign specialist studies are taken into account in this respect.

ANTI-MONEY LAUNDERING TRAINING COURSES 2022

Number of anti-money laundering training courses completed	326 ⁵
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In the Bank's business operations, clear processes and due diligence obligations likewise are defined in accordance with the GwG and the supervisory requirements of BaFin and the ECB. For example, under these requirements, all new business relationships are assigned a risk category. All persons relevant to the business relationship undergo an identification and screening process.

Employees can submit internal reports of suspicious activity informally to the anti-money laundering officer or her deputy by telephone or email. The anti-money laundering officer (and her deputy) are solely responsible for reporting suspi-

cious cases to the Financial Intelligence Unit (FIU), and she is not subject to the Board of Management's instructions in this respect. The anti-money laundering officer will notify employees who have submitted an internal report of suspicious activity whether or not she reported the suspicious activity to the FIU, stating the reasons for her decision. If for any reason whatsoever, the anti-money laundering officer does not file a report, employees can use the Bank's whistleblowing system, or the one put in place by BaFin, to advise that their report has not been dealt with correctly in their opinion.

CASES OF MONEY LAUNDERING AND FRAUD IN 2022:

Number of suspected money laundering cases	8
Number of suspected money laundering cases reported to the FIU	7
Number of cases of fraud	0

⁵ Represents all employees required to attend standard training courses in 2022, in line with the Bank's anti-money laundering training concept.



ENVIRONMENTAL RESPONSIBILITY

Climate protection in core business

We have the most impact within our core business, and with our contribution to promoting a sustainable property industry, we work to minimise negative effects on the environment and to support the battle against climate change. The EU Green Deal – under which the EU is striving to become climate-neutral by 2050 – also includes a number of initiatives for the buildings sector. In Germany, the Climate Change Act (Klimaschutzgesetz – KSG) specifies binding climate targets in the area of properties. Overall, CO₂ emissions in Germany are to be lowered by at least 65 % by 2030 (section 3 KSG). In the buildings sector, this means reducing the permissible annual emission budget of 118 million tonnes of CO₂ equivalent in 2020 to a permissible annual emission budget of 67 million tonnes of CO₂ equivalent in 2030 (Annex 2 on section 4 KSG). The financial industry plays a special part in the achievement of climate targets. Through the financing they provide, banks can contribute to a more sustainable and more climate-friendly economic system. As a provider of property financing, MHB has supported energy-efficient construction for many years through its Green Loan, which offers a reduced interest rate for energy-efficient, privately used residential properties with an annual maxi-

imum primary energy requirement of 55 kWh/m². This is verified by means of an energy certificate or a certificate of compliance with Kreditanstalt für Wiederaufbau (KfW) standards for energy-efficient construction. To supplement this, we also offer KfW loans, which promote energy efficiency through various renovation, retrofitting or new build schemes. In private residential property financing business, our loans with a social and environmental focus (MHB Green Loan and MHB Family Loan; see more in the chapter "Social responsibility"), accounted for more than 18.2 % of new business⁶ in private property financing.

When financing commercial property, we place importance on properties that have been furnished with a recognised certificate, such as DGNB, BREEAM, LEED or HQE. In 2022, 39.5 % of new commercial loans were granted to properties that had such a certificate, ranging from good to very good.

In our commercial property financing business, which is classified as sustainable, we do not grant loans to natural persons or legal entities that achieve an appreciable proportion of their sales in controversial sectors, such as fossil fuels, gambling, tobacco or banned weapons.

We measure the concrete environmental added value of sustainable loans for both private and commercial property once a year in collaboration with the Wuppertal Institute for Climate, Environment and Energy and publish an impact report on this. The latest report shows that these loans led to a reduction of 279,000 tonnes in CO₂ emissions in 2022, which equates to 3.7 fewer tonnes of CO₂ for every million euros lent by the Bank. The impact report for 2022 will be published in the second quarter of 2023.

To fund Green Loans for residential properties as well as the commercial properties in our portfolio that are certified as sustainable,⁷ we issue funding products in a green format. This is possible with nearly all funding products. The green funding products and their use of proceeds correspond with our Green Bond framework, which is in line with the current Green Bond Principles of the International Capital Market Association (ICMA). Overall, the range of sustainable products in 2022 encompassed Green Pfandbriefe, Green Senior Preferred Bonds, Green Senior Non-Preferred Bonds and Green Commercial Papers. Approximately EUR 1.2 billion was successfully placed in this segment in 2022.

⁶ In business with Cooperative Financial Network banks in Germany.

⁷ If commercial properties have sustainability certificates with a rank of good to very good, and if the customer does not generate more than 30 % of its revenue from coal extraction or coal-fired electricity generation or from the extraction of oil from tar sands, we fund these loans through green products.



Environmental and climate protection at our locations

As a bank, we are also aware of our responsibility at our locations. Therefore, we collect and analyse corresponding data about our environmental impact, which then forms the basis for deriving appropriate targets for us.

CARBON FOOTPRINT PURSUANT TO THE GREENHOUSE GAS (GHG) PROTOCOL

Scope 1

Our headquarters in Munich does not generate any direct emissions through heating energy, since the location relies on district heating. In other words, the building does not have a furnace. The same also applies for our offices in Augsburg, Frankfurt am Main, Hamburg, Hanover, Münster and Stuttgart. Our office in Dresden is heated with natural gas. However, as is the case with the other regional offices, we currently have no further information about this.

Our vehicle fleet generated 20.2 tonnes of CO₂⁸ in 2022. We calculated this value for the first time. We have made it our objective to continuously lower our CO₂ emissions. To this end, we installed charging stations in the reporting year and replaced one of our natural gas-powered cars with a purely electric vehicle.

Scope 2

Annual consumption	2019	2020	2021	2022 ⁹
District heating (m ³)	1,610	1,728	1,780	1,700
District heating per employee (m ³)	2.60	2.75	2.78	2.82
Electricity (kWh)	1,583,056	1,575,869	1,637,942	1,600,000
Electricity per employee (kWh)	2,557.00	2,509.00	2,555.29	2,657.81

Consumption data for our headquarters in Munich

Scope 2 emissions are generated indirectly through consumption of electricity and district heating. Cooling in the warm months at our headquarters in Munich is also ensured through electrically generated refrigeration. In order to keep consumption at a moderate level, cooling ceilings were installed when the building was constructed, which are naturally more passive than an air conditioning system, for example, and therefore also have a lower energy consumption.

For the headquarters in Munich, as well as at the offices in Augsburg, Berlin, Dresden, Hamburg, Cologne, Nuremberg and Stuttgart, we obtain electricity from our energy suppliers that originates from 100 % renewable energy.

Last year, we took various steps at our headquarters to reduce our CO₂ emissions still further.

- Upgrading of all hallway lighting to LED
- Upgrading of the motion detector to light control
- Initial upgrading of the cooling system
- Maintenance and repair of all shutters (heat insulation)

We are also planning to upgrade our building system technology to an even greater extent in 2023 in order to be able to optimally control ventilation, heating, cooling and lighting. In addition, we intend to set up a comprehensive environmental management system, which also includes, among other things, an improvement to available data at the regional offices.

Scope 3

Indirect CO₂ emissions are mainly generated through business travel. We are constantly reducing our consumption in this regard. For instance, we updated our policy on business travel in 2022 with a recommendation that business travel be scrutinised for its necessity and, where possible, replaced with teleconferences by phone or video.

In our supply chain, we moreover strive to use local products where possible and in that way to reduce transport distances.

⁸ Based on manufacturer and contractual information.

⁹ Estimates based on an extrapolation of the data available through 22 December 2022 and prior-year data.



OTHER ENVIRONMENTAL EFFECTS

In addition to its pure CO₂ emissions, the Bank also calculates its other environment effects. These include, in particular, the consumption of paper and water.

We purchase only EU Ecolabel and FSC-certified, climate-neutral ECF copy paper in plastic-free packaging. Through continued significant use of remote working options, as well as by encouraging documents to be sent digitally, we were able to reduce our purchase of paper in 2021 to 2.1 million sheets (2019: 4.8 million sheets). In the reporting year 2022, our purchase of paper amounted to 2.3 million sheets, which was still quite low.

In addition, we also analyse our annual consumption figures:

Annual consumption	2019	2020	2021	2022 ¹⁰
Water (m ³)	10,366	14,036	4,807	10,000
Water per employee (m ³)	17	22	7	17
Wastepaper (m ³)	105	95	112	110
Wastepaper per employee (m ³)	0.17	0.15	0.18	0.18
Waste for recycling (m ³)	257	273	259	231
Waste for recycling per employee (m ³)	0.42	0.43	0.40	0.38

Consumption data for our headquarters in Munich

¹⁰ Estimates based on an extrapolation of the data available through 22 December 2022 and prior-year data.



RISK MANAGEMENT

ESG RISKS

MHB's risk management system identifies and manages risks associated with our business activities, products, services and business relationships. The Risk Controlling department examines the potential impact on the Bank's own business and informs the management of current developments so that the necessary decisions can be made promptly. In the reporting year, risk management focused on further expanding the analysis and quantification of sustainability risks, including physical and transitory climate risks, and improving the data bases necessary for this. The Bank will continue to gradually implement the relevant requirements, such as the ECB Guide on Climate-Related and Environmental Risks, the BaFin Guidance Notice on Dealing with Sustainability Risks and the EBA Guidelines on Loan Origination and Monitoring, as part of the "ESG regulation" project launched in 2021. This aims to advance the integration of sustainability risks, especially environmental and climate risks, into risk management. As well as dealing with general sustainability topics, the ESG Committee concerns itself in particular with risk and credit topics that are linked to ESG risks. As ESG risks do not constitute a separate risk type but rather influence existing risk types, we further subdivided the risk inventory in 2021, which

addresses any ESG risks that may be included under each risk type. This assessment will gradually become more specific as more data become available. In particular, environmental and climate risks are taken into account in the risk strategy.

ESG RISKS AND CREDIT RISK

Both physical and transitory risks can have a direct impact on the borrower or on properties serving as collateral for loans and thus on credit risk in turn. Acute physical risks in the form of extreme weather events may cause damage to properties serving as collateral and consequently lead to a decline in their value. Chronic physical risks, such as a constant rise in sea levels, can have a negative impact on the value of properties serving as collateral due to the fact that coastal regions could become uninhabitable in the long term, for example. Transitory risks in the form of political measures and customer preferences, which lead to a shift in demand toward energy-efficient properties, can also adversely affect property values. Political measures, such as with respect to energy upgrading/renovation, can impact not only property values but also the financial performance of commercial customers operating in the property industry. Moreover, transitory risks in the form of political measures and technological

change can lead to a reduction in disposable household income of private customers. MHB's macroeconomic stress scenario already quantifies the possible effects of climate risks by assuming losses in property values, rising unemployment rates or a drop in economic output in order to calculate the effects on liquidation or default rates.

In addition, starting in 2023, the Bank will take an ESG score into consideration in individual business as part of the decision-making process in lending.

ESG RISKS AND MARKET RISK

ESG risks, particularly environmental risks, can cause disruption to markets, due to both physical risk and transition risk. This may involve sharp fluctuations in interest rates, exchange rates and credit spreads, which in turn would lead to drops in bond prices. With regard to interest rate changes, it is assumed that ESG risks lead to individual events or crises that could have an impact similar to the COVID-19 pandemic, i.e. a short-term decline in interest rates, high levels of uncertainty on the market and possibly significant volatility as a result. Interest rate risks are already measured using



various stress tests and sensitivities; for example by simulating a historical scenario relating to the COVID-19 crisis and a scenario with a decline in interest rates and increased volatility. We also already calculate a macroeconomic, Bank-wide scenario that could arise due to ESG risks. Possible interest rate changes due to ESG risks are therefore adequately taken into account in existing interest rate risk management. ESG risks can also lead to changes in customer behaviour, such as a lower rate of unscheduled repayments or an increase in terminations due to property sales. This in turn would affect MHB's option risk, i.e. the risk that customers exercise their right of termination. Possible changes in customer behaviour are already examined as part of annual validation and can therefore be identified in good time and taken into account accordingly.

ESG RISKS AND LIQUIDITY RISK

ESG risks could have varying impacts when it comes to liquidity risk. General disruptions to the markets may lead to calls for collateral, while changes in credit spreads may trigger a drop in the value of liquid assets. In addition, we anticipate a rise in demand for Green Pfandbriefe and are closely monitoring developments in guidelines on Green Pfandbriefe, as these could give rise to funding risks for the Bank. Our aim is to be able to take appropriate action in good time to avoid or at least mitigate these effects.

ESG RISKS AND OPERATIONAL RISK

Environmental and climate risks can lead to operational risks such as damage to or loss of tangible assets. This is the case if buildings need to be repaired and customers cannot afford the payments. Such operational risks also include damage to important infrastructure for the Bank's business operations, such as buildings that it owns or leases and the energy supply for them. The results from the risk scenarios for business continuity management are therefore taken into account in the self-assessment of operational risks.



SOCIAL RESPONSIBILITY

Sustainable property financing

We can achieve the greatest positive impact on society and the environment with our products and services. As a member of the Cooperative Financial Network, we are aware of our responsibility to society and want to be a partner in the creation of housing. With our holistic understanding of sustainability in mind, MHB has developed various sustainable loans for its private customers that address both environmental and social issues. In addition to the Green Loan (see chapter "Environmental responsibility"), we also offer the low-interest MHB Family Loan to low- and middle-income families with at least one child to help them purchase their own home. This loan can also be combined with the Green Loan for particularly energy-efficient properties, making it even more attractive.

In doing this, we always bear in mind our customers' financial abilities. Before granting a loan, we check the budget, including the applicant's income and living expenses and the costs of any other loans. Only if this budget meets our minimum requirements will we grant the loan. We also support our customers in private and commercial property financing when dealing with delinquent loans, for example through restructuring measures or payment deferrals, by referring them to an ombudsperson or through government or public support measures. The foreclosure rate in 2022 stood at 0.03 % of individual loans extended.

Social engagement

DONATIONS

MHB's social engagement consists of donations for charitable, social, cultural, sporting and scientific purposes. The recipient of the donation must comply with our ethical values. Political donations are not allowed, nor are donations to individuals. In total, about EUR 126,000 was donated in the reporting year. Most of this was for a donation for the people of Ukraine as part of an initiative of the Bavarian Cooperative Association (GVB) and the National Association of German Cooperative Banks (BVR). We also supported the association "Gemeinsam Leben Lernen e.V." for the purpose of integrating people with disabilities. Our trainees were especially engaged. They organised a raffle, with the Board of Management matching the proceeds. Our Christmas donation also went to the association. When conducting customer surveys, MHB makes donations to various regional and international not-for-profit organisations for each completed questionnaire.

SPONSORING

In line with our Code of Conduct, the Bank engages in sponsoring, i.e. it provides monetary benefits, benefits in kind and services with the aim of supporting culture, sport, health, environment protection, education, science or the Cooperative Financial Network in order to obtain an image advantage. We have transparent internal processes in place for handling sponsoring, which are monitored by Compliance.

Human rights

MHB is committed to the United Nations Universal Declaration of Human Rights and the conventions of the International Labour Organisation (ILO). Acting in an ethically and socially responsible way has high priority within the Bank's corporate governance. In keeping with the principles of the UN Global Compact, the Bank also places importance on compliance with internationally recognised standards concerning human rights, environmental protection and decent working conditions, as well as concerning the prohibition of child labour. Our Code of Conduct and our Policy on Human Rights and Diversity reflect this stance and define what we expect of our employees, business partners and service providers.

MHB's private property financing business is confined to Germany, Austria and Switzerland. In commercial property financing, we are also mainly active in Germany and the European market (Austria, the Netherlands, Luxembourg, France, Spain and the UK), as well as in the United States. Here we finance existing properties with a focus on residential, office, retail and logistics properties. These markets are already subject to extensive legal requirements that serve to protect human rights, which we adhere to. In addition, the exclusion of business with sanctioned customers is ensured by established processes. Special verification obligations also apply to lending business that could entail reputational risks. If potential customers are suspected of disregarding human rights in individual property financing business, the Bank orders a review and may decline the business.



We also consider potential ethical and social consequences in connection with the investments that MHB makes itself. Our sustainable investment policy defines exclusion criteria based on the Freedom House Index and the Democracy Index. For example, the Bank avoids investments in countries where human and civil rights and democratic structures do not exist or are systematically violated. We carry out an annual screening process to check the conformity of our investments with our policy criteria.

MHB operates as an employer exclusively in Germany and complies with the stringent regulations and standards concerning working conditions and equality that apply in this country. Comprehensive guidelines ensure that the rules are implemented within the organisation, while clear processes are followed in the event of violations or abuses, such as discrimination. The Bank also protects freedom of association and the right to collective pay bargaining.

The Works Council works in partnership with the management to represent employees' interests. The management attaches great importance to discussing all operational changes with the Works Council in a timely manner, as called for in the German Works Constitution Act (Betriebsverfassungsgesetz – BetrVG), so that the Works Council can exercise its rights of co-determination. In addition, the Works

Council strengthened and broadened its communication in the reporting year, and members of the Works Council made use of the release from their work duties provided for in the BetrVG in order to be able to represent the interests of the workforce as best as possible.

The Bank is also a member of the Arbeitgeberverband des privaten Bankgewerbes, the employers' association for the private banking industry, and applies the collective pay agreements negotiated with the relevant trade unions. The Bank's Code of Conduct forms the basis for our daily actions. It is published centrally for all employees. It is provided to all new employees along with their employment contract, and they must confirm receipt of it in writing.



CUSTOMERS AND BUSINESS PARTNERS

Relations with customers and business partners

MHB maintains trusting, reliable and long-term relationships with its customers and is committed to credibility and transparency in its marketing. We therefore regularly review the statements made in our advertising and do not undertake any aggressive advertising measures. We also take into account the financial situation of each target group of customers and do not link advertising with inappropriate incentives – to encourage high borrowing, for example. In so doing, we comply with national and international requirements for marketing activities and have set out our responsible marketing principles in a guideline. For the distribution of our products, we work with our cooperative partner banks and independent financial brokers to ensure high-quality and responsible advisory services for customers. Advisers receive regular training on the features and risks of our products. Our variable remuneration systems do not incentivise excessive risk-taking.

In our private property financing activities, we pay special attention to dealing with our customers in a responsible manner. We take into account legal requirements relating to consumer protection, in particular the EU Consumer Rights Directive, the EU Mortgage Credit Directive, the German Consumer Dispute Resolution Act (Verbraucherstreitbeilegungsgesetz – VSBG) and the German Risk Limitation Act (Risikobegrenzungsgesetz – RisikobegrG). To prevent potential borrower over-indebtedness, we impose minimum budgetary

requirements before granting a loan. The applicant's income and living expenses and the costs of any other loans are key factors here (see the chapter "Sustainable property financing").

Dealings with customers also play a key role when problems occur in connection with the servicing or repayment of a loan. Here it is the task of employees in Intensive Support to look for joint solutions in partnership with customers. Depending on the customer's individual situation, we work out possible ways to rectify payment problems and/or loans that are in arrears. If the customer has a contractually agreed option to reduce repayments, for example, this is usually the remedy of first choice. Realisation of collateral (liquidation) is the absolute last resort and will take place only if all other options (particularly a sale by the customer itself) have been exhausted in the Bank's view.

Outsourcing and service providers

When choosing outsourcing providers, we focus on companies in Germany, the European Union or the European Economic Area. Based on the legal framework in these countries, we can assume compliance with recognised standards (e.g. on occupational health and safety or health protection, freedom to unionise and freedom of assembly, environmental protection). Since the 2022 financial year, our regular risk assessment of outsourced activities has also been taking into account the issues of assurance of compliance with minimum social standards, assessment of physical risks for the

provision of the service by the service provider (owing to the location or the business model) and assessment of transitory risks in relation to the service provider's business model. The procurement manual states that in addition to the principles of sound financial management, the principles of environmental protection and sustainability must be observed.

We work with service providers and suppliers primarily in the IT and facility management areas (including office supplies and cafeteria).

The German Supply Chain Act (Lieferkettengesetz – LkSG), which enters into force in 2023, will affect MHB, because of its size, only indirectly as part of other supply chains. Nevertheless, the Bank is aware of its responsibility and will make every effort to comply with the provisions. For instance, we asked our service providers in the reporting year to let us know how they have prepared themselves for the Supply Chain Act. The response will be analysed further in 2023.



EMPLOYEES

With their knowledge, skills and commitment, our employees constitute the basis for our success. It is for that reason that we want to attract outside talents and develop internal employees with high potential. The welfare, development, satisfaction, health and diversity of our employees have top priority. Our HR policies are accordingly based on the following pillars:

- Corporate and management culture
- Securing and enhancing our attractiveness as an employer
- Fair pay
- Employee development
- Diversity and equal opportunity
- Work-life balance and family-friendliness
- Health management and occupational safety

Corporate and management culture

The corporate culture at MHB is characterised by a social and family-like working environment in which collegiality, supportive teamwork and interest in joint success are paramount. Systematic employee development and effective leadership are therefore a matter of course for us. MHB managers play a key role here. Through seminars for our managers and our in-house "Leadership Days" management training programme, which was able to resume in 2022 after the break occasioned by the COVID-19 pandemic, we foster our managers' skills and inform them about new company agreements, changes in the law and the human resource manage-

ment tools available to MHB. Onboarding of new managers took place through webinars, one-on-one orientation meetings to familiarise them with internal management tools and external training courses. In 2022 we again launched a broad-based management training programme, which uses a number of modules and coaching elements to teach management principles.

In periodic formal and informal feedback sessions (including the annual evaluation), employees and managers discuss their tasks, targets, perspectives and development opportunities and plans and share their thoughts about cooperation and satisfaction. In particular, these meetings are intended to promote trust and constructive collaboration and to highlight potential opportunities for advancement and make it possible to pursue these in practice. An internal manual provides guidance on these topics so as to establish a constructive feedback culture and open dialogue.

Employer attractiveness

MHB seeks to be an attractive employer. To this end, we offer jobs with long-term security that feature attractive remuneration, interesting challenges and extensive development opportunities. At the same time, we provide a wide range of social benefits to all full-time and part-time employees and attach great importance to a positive working atmosphere, a spirit of partnership and a good work-life balance. We are continuously expanding the services we offer to employees. We strive to support them through the various phases of

their career and stages of their life and embrace new developments in the world of work. At MHB, 91 % of employees have permanent employment contracts. Although the labour market continues to be very dynamic, staff turnover rose only slightly in 2022 to 6.4 %. The average length of service was 11 years, indicating general employee satisfaction overall.

Fair pay

MHB's remuneration systems are in compliance with the Remuneration Regulation for Institutions (Institutsvergütungsverordnung – InstitutsVergV) and are published annually in MHB's disclosure report required under section 16 of the Regulation. The remuneration of 54.8 % of the Bank's employees is determined by collective pay agreements, the remainder outside of such agreements. The Bank's remuneration strategy and principles establish the framework for appropriate compensation. MHB attaches particular importance to ensuring that employees are not incentivised to engage in excessive risk-taking behaviour.

Total remuneration for employees not covered by collective pay agreements includes a bonus that is based on the employee's achievement of targets as well as the Bank's general performance. For employees who are covered by collective pay agreements, the bonus is also calculated based on personal performance and that of the Bank. This is an additional, voluntary form of remuneration that the Bank offers to particularly high-performing employees.



In addition, as a sign of its esteem for its employees, both those under collective pay agreements and those who are not, and, to a modified extent, its trainees and working students, MHB will pay all of them an inflation allowance in 2023, prorated to match their working time, that is free of deductions for taxes and social insurance.

Employee development

Our markets and work environments are constantly changing. This has an impact on our tasks, processes and work methods. To provide our employees with optimum assistance, we offer support and training to help them acquire new skills and expertise. In addition to internal and external specialist seminars, we also offer courses on methodological knowledge, such as project management, process documentation and soft skills, including conflict resolution and feedback. Each department has a staff development budget, which can be used to offer language courses in business English, French or German as a second language, as well as seminars on soft skills and advanced business training. For professional training courses that involve more than just seminars and run for several months or even years, the Bank pays up to 50 % of the tuition fees and grants employees special leave to take exams. In 2022, 12 agreements were concluded to support continuing professional education.

The Bank has set up an online learning platform to provide all employees with access to training courses that is as convenient and comprehensive as possible. In addition to these flexible online options, in-person training courses were once again offered in 2022 following the break occasioned by the COVID-19 pandemic, which enabled numerous employees to expand the skills and abilities. In 2022 a total of 342 employees made use of the courses offered by our in-house academy, including seminars on construction financing provided by our in-house BauFi academy. This is an advanced training programme on select specialist topics of property financing that is offered within each department. The programme is tailored specifically to MHB requirements and enables employees to update and deepen their knowledge. Highly experienced employees can discuss specialist topics on an expert level in particular modules.

In addition, orientation and training plans are drawn up not only for new hires but also in the event of transfers, ensuring that employees are optimally prepared for their duties.

Internal graduate trainee programmes in various departments offer training and development opportunities to staff with high potential in our key business areas. In 2022 three graduate trainees gained an overview of the various specialist departments at MHB and were individually supported by mentors. To secure young talent, we also offer a dual study programme in "Business Administration with Specialisation in Banking, Finance and Risk Management" in partnership with Munich University of Applied Sciences (Hochschule München). An additional student was hired by us in 2022.

Moreover, two years ago we developed a lateral entry programme for loan officers in property finance. The lateral entry programme runs for four months and includes theoretical and practical phases supported by external trainers and experienced colleagues. The programme is free of charge, and participants are paid from the start according to the collective pay agreement for the banking sector. Six lateral entrants successfully completed our programme in 2022.

For many years, MHB has been training young people to become qualified bankers, office administrators or IT specialists. We are also one of the few companies in our industry to offer training on a part-time basis, which opens up career prospects for young parents, for example. Four new trainees started at the Bank in 2022. In total, the Bank has 12 trainees.

Diversity and equal opportunity

We firmly believe that employee diversity has a positive impact on our culture and represents a key element of our success. For this reason, we signed the German Diversity Charter back in 2014 and are deeply committed to its content: We show appreciation to all employees and promote respectful interactions, irrespective of race or ethnic origin, religion, political or other views, gender, disability, age, sexual identity, national or social origin, or language. We do not tolerate any form of discrimination within MHB. All employees receive training on this topic, and if employees feel dis-



criminated against, they can avail themselves of a complaints mechanism that the Bank has implemented. No complaints were received in the 2022 reporting year. The applicable legal system and all regulatory requirements in Germany form the basis for enforcing general equality of treatment at MHB. We are committed to equal opportunities at all levels also when selecting and developing our employees.

For a number of years now, MHB has had a representative and deputy representative for disabled employees, and in the reporting year, they represented 22 employees with disability or equivalent status, including three new instances of equivalent status. In their office, they look after the interest of colleagues with disability or equivalent status, as well as their integration. They provide help and advice on a wide range of questions. In addition, they enforce rights to participate and be heard and take part in meetings of the Works Council.

In 2022 an informal working group concerned itself with advancing the issues of diversity, equal opportunity and inclusion. For instance, it created a campaign for the German Day of Diversity to draw special attention to the topic. Previous activities, as well as previously collected data (see following), will constitute the basis next year for developing a diversity strategy suitable for MHB, with corresponding targets and measures.

DIVERSITY INDICATORS FOR 2022:

Nationalities: 29

Gender distribution: 344 men (49.8 %) and
347 women (50.2 %)

Share of women

- » Board of Management: 0 %
- » Level immediately below the Board of Management: 17.6 %
- » Second level: 18.8 %
- » Third level: 29.4 %
- » Supervisory Board: 17 %

Age structure¹¹:

- » <30 years: 63 employees,
- » 30-50 years: 381 employees,
- » >50 years: 228 employees

Persons with disabilities: 22 employees

Work-life balance

A good work-life balance, particularly the reconciliation of family life with work, has high priority at MHB. We know that this makes employees not only happier and more satisfied but also more efficient, productive and motivated. The

importance and need for work-life balance varies depending on an employee's age and phase in life. We therefore offer our employees diverse solutions, including a number of flexible working time models, including time-off accounts. In that way, we seek to assist with reentry following parental or caregiver leave. In 2021 the remote working rules were expanded during the COVID-19 pandemic. We kept them in place in 2022 in order to continue to enable our employees to work flexibly and to strengthen our competitive position as an attractive employer. This means that employees can work from home, in the office or when on the go.

It is important for us to accommodate the needs of our employees when it comes to hybrid forms of working. This also includes attractive, customisable office workstations. Therefore, we conducted an employee survey in 2022, in which 72 % of the staff took part. The results of the survey showed there was support for developing a corresponding concept in 2023.

MHB seeks to be family-friendly employer. As at the reporting date of 31 December 2022, 23 employees were on parental leave. Key topics that we addressed in the reporting year were questions about the role that managers play in promoting better work-life balance, how the Bank can do a better job of recruiting and retaining specialists and how balance can best be achieved for women as well as men. Being based in Munich, we were happy to be able to again offer parents in 2022 free childcare service on the Day of Repentance and Prayer, which is a school holiday in Bavaria.

¹¹ Only MHB, excluding employees who are currently in the non-working period of phased-in early retirement (Altersteilzeit) and excluding temporary staff.



Health management and occupational safety

The health of our employees is especially important to us. The sickness absence rate stood at 4.5 % in the reporting year, which was significantly lower than the nationwide average in Germany.¹² 12 accidents at or on the way to work were reported in 2022. MHB employs its 691¹³ staff exclusively in Germany and complies with the strict provisions of German employment law and occupational safety. MHB's central Health and Safety Committee is responsible for identifying and preventing risks to health and safety in everyday work. The committee meets once a quarter. Among other things, it is in charge of establishing processes and measures to protect occupational safety and health. The Bank conducts regular fire safety inspections and workplace hazard assessments, for example. It also monitors and discusses psychological stress in the workplace and specific risks to pregnant employees. The committee is chaired by the CEO and discusses occupational safety and health protection issues, including with the Works Council, the HR department and the relevant specialist departments. The safety officers support the Health and Safety Committee in implementing processes and measures.

A key topic of occupational safety was once again the COVID-19 pandemic and its impact on employees as well as on our workplaces and social facilities, like the cafeteria. The focus was on the safety of colleagues, and we always attempted to find solutions that were consistent with statutory provisions and that were as safe and, at the same time, as practical as possible in light of the pandemic. Another topic was the updating of the hazard assessments for secure operations. In addition, we needed to update training courses and revise processes in order to properly define and document responsibilities.

In addition to complying with legal requirements relating to occupational safety, MHB aims to support and protect the mental and physical well-being of its employees in a holistic manner. Our works physician performed 64 cancer screenings, and 90 employees received a flu vaccination. In addition, 86 employees working at computer workstations had their vision checked. COVID-19 boosters were provided at the Bank again in 2022. In total, 68 employees made use of the offer.

In addition to the healthcare services we provide, which include preventive medical examinations, our health management programme offers a number of measures for promoting the health and fitness of the Bank's employees. This includes the PFIF! programme, with which MHB promotes individual health and fitness courses. Since January 2022, the Bank has also been subsidising membership fees for gyms and sports clubs. As at the reporting date of 31 December 2022, 176 employees had received this subsidy in the reporting year. A course was also given on the topic of mindfulness.

We continue to offer accident insurance to all employees, regardless of hierarchy and salary, with worldwide, 24-hour coverage, including outside of working time. The insurance also covers any consequential damages or disability following an accident.

¹² The average sickness absence rate in Germany was around 5.6 % in 2022. Source: Statista.
¹³ Total number of employees as at the reporting date of 31 December 2022, excluding subsidiaries and excluding temporary staff, working students and agency workers.



GRI INDEX

General information

The non-financial reporting was guided by the Global Reporting Initiative (GRI) standards. In addition, we are committed to the principles of the UN Global Compact (UNGC) and would like to contribute to the Sustainable Development Goals (SDGs). For this reason, we have marked the GRI indicators separately, that also refer to the UNGC or the SDGs.

We contribute to the following SDGs



ORGANIZATIONAL PROFILE

GRI indicator	Description of the indicator	Reference in report	Reference to UNGC / SDGs
GRI 2-1	Organizational details	Sustainable business model: Business model and strategy Social responsibility: Human rights	
GRI 2-2	Entities included in the organization's sustainability reporting	About this report	
GRI 2-3	Reporting period, frequency and contact point	About this report Imprint	
GRI 2-5	External assurance	Report of the independent auditor	
GRI 2-6	Activities, value chain and other business relationships	Sustainable business model: Business model and strategy Customers and business partners	
GRI 2-7	Employees	Sustainable business model: Business model and strategy Employees	UNGC: Principle 6
GRI 2-8	Workers who are not employees	Social responsibility: Human rights Customers and business partners	
GRI 2-9	Governance structure and composition	Sustainable business model: Business model and strategy Responsible corporate governance: Governance Employees: Corporate and management culture	
GRI 2-10	Nomination and selection of the highest governance body	Responsible corporate governance: Governance	
GRI 2-11	Chair of the highest governance body	Responsible corporate governance: Governance	



ORGANIZATIONAL PROFILE

GRI indicator	Description of the indicator	Reference in report	Reference to UNGC / SDGs
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	Responsible corporate governance: Governance	
GRI 2-14	Role of the highest governance body in sustainability reporting	Responsible corporate governance: Governance	
GRI 2-19	Remuneration policies	Employees: Fair pay	
GRI 2-23	Policy commitments	About this report Social responsibility: Human rights	UNGC: Principle 10
GRI 2-27	Compliance with laws and regulations	Responsible corporate governance: Compliance	
GRI 2-28	Membership associations	Sustainable business model: Stakeholder engagement	
GRI 2-29	Approach to stakeholder engagement	Sustainable business model: Stakeholder engagement	
GRI 2-30	Collective bargaining agreements	Social responsibility: Human rights	UNGC: Principle 3 SDG 8
GRI 3-1	Process to determine material topics	Non-Financial Report 2021 (unchanged)	
GRI 3-2	List of material topics	Sustainable business model: Sustainability approach	
GRI 3-3	Management of material topics	About this report	



ECONOMICS

GRI indicator	Description of the indicator	Reference in report	Reference to UNGC / SDGs
GRI 3-3	Management approach: economic performance	Sustainable business model	
GRI 201-1	Direct economic value generated and distributed	Sustainable business model: Business model and strategy Annual report 2022	SDG 8
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Risk management	
GRI 201-3	Defined benefit plan obligations and other retirement plans	Annual report 2022	
GRI 201-4	Financial assistance received from government	None	
GRI 3-3	Management approach: indirect economic impacts	Social responsibility	
GRI 203-1	Infrastructure investments and services supported	Social responsibility: Sustainable property financing	SDG 9 + 11
GRI 203-2	Significant indirect economic impacts	Social responsibility: Sustainable property financing Social responsibility: Social engagement	SDG 3 + 11 + 13
GRI 3-3	Management approach: Anti-corruption	Responsible corporate governance: Compliance	
GRI 205-1	Operations assessed for risks related to corruption	Responsible corporate governance: Compliance	SDG 16
GRI 205-2	Communication and training about anti-corruption policies and procedures	Responsible corporate governance: Compliance	SDG 16
GRI 205-3	Confirmed incidents of corruption and actions taken	Responsible corporate governance: Compliance	SDG 16
GRI 3-3	Management approach: Anti-competitive Behavior	Responsible corporate governance: Compliance	
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Responsible corporate governance: Compliance	SDG 16
GRI 3-3	Management approach: tax	Responsible corporate governance	
GRI 207-1	Approach to tax	Responsible corporate governance: Governance	
GRI 207-2	Tax governance, control, and risk management	Responsible corporate governance: Governance	
GRI 207-3	Stakeholder engagement and management of concerns related to tax	Responsible corporate governance: Governance	

**ECOLOGY**

GRI indicator	Description of the indicator	Reference in report	Reference to UNGC / SDGs
GRI 3-3	Management approach: Materials	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8
GRI 301-1	Materials used by weight or volume	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8 SDG 12
GRI 301-2	Recycled input materials used	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8 SDG 12
GRI 3-3	Management approach: Energy	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8 UNGC: Principle 9
GRI 302-1	Energy consumption within the organization	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8 SDG 7 + 12 + 13
GRI 302-2	Energy consumption outside of the organization	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8 SDG 13
GRI 302-3	Energy intensity	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8 UNGC: Principle 9 SDG 13
GRI 302-4	Reduction of energy consumption	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8 UNGC: Principle 9 SDG 13

**ECOLOGY**

GRI indicator	Description of the indicator	Reference in report	Reference to UNGC / SDGs
GRI 3-3	Management approach: Water and Effluents	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8 UNGC: Principle 9
GRI 303-3	Water withdrawal	Environmental responsibility: Environmental and climate protection at our locations	
GRI 3-3	Management approach: Emissions	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8 UNGC: Principle 9
GRI 305-1,2,3	GHG emissions Scope 1-3	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8 UNGC: Principle 9 SDG 12 + 13
GRI 305-5	Reduction of GHG emissions	Environmental responsibility: Environmental and climate protection at our locations	UNGC: Principle 7 UNGC: Principle 8 SDG 13
GRI 3-3	Management approach: waste	Environmental responsibility: Environmental and climate protection at our locations	
GRI 306-1	Waste generation and significant waste-related impacts	Environmental responsibility: Environmental and climate protection at our locations	SDG 12
GRI 306-3	Waste generated	Environmental responsibility: Environmental and climate protection at our locations	SDG 12
GRI 3-3	Management approach: Environmental Compliance	Social responsibility: Human rights	

**SOCIAL**

GRI indicator	Description of the indicator	Reference in report	Reference to UNGC / SDGs
GRI 3-3	Management approach: employment	Employees	
GRI 401-1	New employee hires and employee turnover	Employees: Employer attractiveness	UNGC: Principle 6 SDG 5 + 8
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employees: Employer attractiveness	SDG 3 + 8
GRI 401-3	Parental leave	Employees: Work-life balance	UNGC: Principle 6 SDG 5 + 8
GRI 3-3	Management approach: Labor/Management Relations	Social responsibility: Human rights	
GRI 402-1	Minimum notice periods regarding operational changes	Social responsibility: Human rights	UNGC: Principle 3 SDG 8
GRI 3-3	Management approach: Occupational Health and Safety	Employees: Health management and occupational safety	
GRI 403-1	Occupational health and safety management system	Employees: Health management and occupational safety	SDG 3 + 8
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Employees: Health management and occupational safety	SDG 3 + 8
GRI 403-3	Occupational health services	Employees: Health management and occupational safety	SDG 3 + 8
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Employees: Health management and occupational safety	SDG 3 + 8
GRI 403-5	Worker training on occupational health and safety	Employees: Health management and occupational safety	SDG 3 + 8
GRI 403-6	Promotion of worker health	Employees: Health management and occupational safety	SDG 3 + 8
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employees: Health management and occupational safety	SDG 3 + 8
GRI 3-3	Management approach: Training and Education	Employees: Employee development	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Employees: Employee development	UNGC: Principle 6 SDG 4 + 8
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Employees: Employer attractiveness	UNGC: Principle 6 SDG 8
GRI 3-3	Management approach: Diversity and Equal Opportunity	Employees: Diversity and equal opportunity	
GRI 405-1	Diversity of governance bodies and employees	Employees: Diversity and equal opportunity	UNGC: Principle 6 SDG 5 + 8
GRI 3-3	Management approach: Non-discrimination	Employees: Diversity and equal opportunity	
GRI 406-1	Incidents of discrimination and corrective actions taken	Employees: Diversity and equal opportunity	UNGC: Principle 6 SDG 5 + 8

**SOCIAL**

GRI indicator	Description of the indicator	Reference in report	Reference to UNGC / SDGs
GRI 3-3	Management approach: Freedom of Association and Collective Bargaining	Social responsibility: Human rights	UNGC: Principle 3
GRI 3-3	Management approach: Human Rights	Social responsibility: Human rights	UNGC: Principle 1 UNGC: Principle 2 UNGC: Principle 4
GRI 3-3	Management approach: local communities	Social responsibility: Social engagement	
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Social responsibility: Social engagement	
GRI 3-3	Management approach: supplier social assessment	Customers and business partners	
GRI 414-1	New suppliers that were screened using social criteria	Customers and business partners: Outsourcing and service providers	UNGC: Principle 1 SDG 8
GRI 414-2	Negative social impacts in the supply chain and actions taken	Customers and business partners	UNGC: Principle 1 SDG 8
GRI 3-3	Management approach: public policy	Social responsibility: Social engagement	UNGC: Principle 10
GRI 415-1	Political contributions	Social responsibility: Social engagement	SDG 16
GRI 3-3	Management approach: marketing and labeling	Customers and business partners	
GRI 417-1	Requirements for product and service information and labeling	Customers and business partners: Relations with customers and business partners	SDG 12
GRI 3-3	Management approach: customer privacy	Responsible corporate governance: Data protection	
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Responsible corporate governance: Data protection	SDG 16



REPORT OF THE INDEPENDENT AUDITOR

Report of the Independent Auditor on a Limited Assurance Engagement Regarding Non-financial Reporting

To Münchener Hypothekbank eG, Munich

We have performed a limited assurance engagement on the separate non-financial report in accordance with section 340a(1a) in conjunction with section 289b(3) of the Handelsgesetzbuch (German Commercial Code – HGB) of Münchener Hypothekbank eG, Munich (the 'Cooperative'), for the period from 1 January 2022 to 31 December 2022 (the 'Non-financial Report').

Our engagement does not extend to external sources of documentation or expert opinions referred to in the Non-financial Report.

MANAGEMENT'S RESPONSIBILITY

The Board of Management of the Cooperative is responsible for the preparation of the Non-financial Report in accordance with section 340a(1a) in conjunction with sections 289c to 289e of the HGB and Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy Regulation) and the delegated acts issued in respect of the Taxonomy Regulation as well as

for its own interpretation of the wording and terms contained in the EU Taxonomy and the delegated acts issued in respect of the Taxonomy Regulation presented in the section entitled 'Taxonomy – disclosure' of the Non-financial Report.

This responsibility of the Board of Management of the Cooperative includes the selection and application of appropriate methods relating to non-financial reporting as well as making assumptions and estimates regarding individual non-financial disclosures that are reasonable in the prevailing circumstances. The Board of Management is also responsible for the internal controls that it believes are necessary to enable the preparation of a non-financial report that is free from material misstatements due to fraud (manipulation of the Non-financial Report) or error.

The EU Taxonomy Regulation and the delegated acts issued in respect of the Taxonomy Regulation contain wording and terms that are still subject to considerable uncertainty and for which clarifications have not yet been issued in each case. For this reason, the Board of Management has documented its interpretation of the EU Taxonomy Regulation and the delegated acts issued in respect of the Taxonomy Regulation in the section entitled 'Taxonomy – Disclosure' of the Non-financial Report. It is responsible for the viability of this interpretation. Because of the inherent risk that undefined legal concepts may be subject to differing interpretations, the legal compliance of the interpretation is subject to uncertainty.

INDEPENDENCE OF AND QUALITY ASSURANCE BY THE AUDITING ASSOCIATION

We have complied with the German legal professional requirements relating to our independence and other professional ethical requirements.

Our auditing association applies the national statutory requirements and professional pronouncements – in particular the Professional Charter for German Public Auditors/German Sworn Auditors (BS WP/vBP) and the IDW Standard on Quality Management: Requirements for quality management in the audit firm (IDW QS 1) issued by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany – IDW) – and, accordingly, maintains a comprehensive quality assurance system that includes the documented policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable statutory and other legal requirements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the Non-financial Report on the basis of the work performed in the limited assurance engagement.

We conducted the work we performed in the limited assurance engagement in compliance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information', issued by the IAASB.



This requires us to plan and perform the assurance engagement in such a way that we can conclude with limited assurance whether any matters have come to our attention that cause us to believe that the Non-financial Report of the Cooperative for the period from 1 January 2022 to 31 December 2022, with the exception of the external sources of documentation or expert opinions referred to in the Non-financial Report, has not been prepared by the Board of Management in all material respects in accordance with section 340a(1a) in conjunction with sections 289c to 289e of the HGB and the EU Taxonomy Regulation, and the legal acts issued in respect of the Taxonomy Regulation, as well as the interpretation by the Board of Management presented in the 'Taxonomy – disclosure' section of the Non-financial Report.

The assurance procedures performed in a limited assurance engagement are less comprehensive than in a reasonable assurance engagement, with the result that a substantially lower level of assurance is obtained. The procedures are selected based on the auditor's judgement in accordance with professional standards.

During the course of our assurance engagement, we performed the following assurance procedures and other activities, among others:

- obtaining an understanding of the sustainability organisation,
- inquiries of personnel who were involved in the preparation of the Non-financial Report about the process for its preparation, about the internal control system relating to this process and about the disclosures in the Non-financial Report,
- identification of likely risks of material misstatements in the Non-financial Report,

- analytical assessment of selected disclosures in the Non-financial Report,
- comparison of selected disclosures with the corresponding data in the annual financial statements and the management report,
- assessment of the presentation of the Non-financial Report,
- assessment of the process of identifying taxonomy-eligible economic activities and the corresponding disclosures in the Non-financial Report.

The Board of Management is required to interpret undefined legal concepts to determine the disclosures required by Article 8 of the EU Taxonomy Regulation. Because of the inherent risk that uncertain legal terms may be subject to differing interpretations, the legal compliance of the interpretation, and hence of our assurance, is subject to uncertainty.

ASSURANCE CONCLUSION

Based on the assurance procedures we performed and the evidence obtained for the limited assurance engagement, no matters have come to our attention that cause us to believe that the Non-financial Report of the Cooperative for the period from 1 January 2022 to 31 December 2022 has not been prepared by the Board of Management in all material respects in accordance with section 340a(1a) in conjunction with sections 289c to 289e of the HGB and the EU Taxonomy Regulation, and the legal acts issued in respect of the Taxonomy Regulation, as well as the interpretation by the Board of Management presented in the 'Taxonomy – disclosure' section of the Non-financial Report.

We have not expressed any conclusion on the external sources of documentation or expert opinions referred to in the Non-financial Report.

RESTRICTION ON USE OF OUR REPORT

We are issuing this report on the basis of our engagement by the Cooperative. We wish to draw attention to the fact that the limited assurance engagement was performed for the purposes of the Cooperative and that our report is solely intended to inform the Cooperative about the results of our limited assurance engagement. Consequently, it may not be suitable for any purposes other than the purpose referred to above.

Our report is thus not intended for third parties to take any (financial) decisions on the basis of the report. Our responsibility is solely to the Cooperative. We do not assume any responsibility to third parties.

Bonn, 13 March 2023

DGRV – Deutscher Genossenschafts- und Raiffeisenverband e.V.

i.V. Peter Krüper
Wirtschaftsprüfer
(German public auditor)

i.V. Dorothee Mende
Wirtschaftsprüfer
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