MünchenerHyp

Investor presentation

3rd Update 2021

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Key Facts at a Glance

systemic important bank under direct ECB supervision

- independent from any corporate group and member of the cooperative FinanzGruppe
- 51.0 bn Euro total assets
- broad based ownership; no predominant owner
- Moody’s issuer rating: Aa3 senior unsecured (negative outlook), A2 junior senior unsecured

favourable funding by Pfandbrief privilege

- Pfandbrief licence: continuous issuing of benchmark bonds and private placements
- Moody’s Pfandbrief rating: - Aaa for Mortgage Pfandbriefe
  - Public Sector Pfandbriefe rating terminated, no longer within Bank’s business strategy (as per 08.09.20)

deep roots within the Cooperative Financial Network (“FinanzGruppe”)

- partner of Volksbanken and Raiffeisenbanken in the mortgage lending business
- Volksbanken and Raiffeisenbanken as most important business partners and biggest owner group
- excellent access to liquidity via the cooperative institutions
- strong protection scheme with guarantee fund and guarantee network

sustainable business model

- sustainability as integral part of the long-term and risk conservative business model
- focus on co-operative mission, no profit maximisation

Date of information: 30/06/2021

Ownership and Equity

The members as largest capital investor

membership

- approx. 64,400 members
- 16.88 million non-terminated co-operative shares
- 70 Euro nominal value, no trading
- 1,181.7 million Euro total amount of non-terminated co-operative shares

impact on strategy and business

- long-term profitability and business sustainability
- conservative risk policy
- no major shareholder
- continuous dividend capability

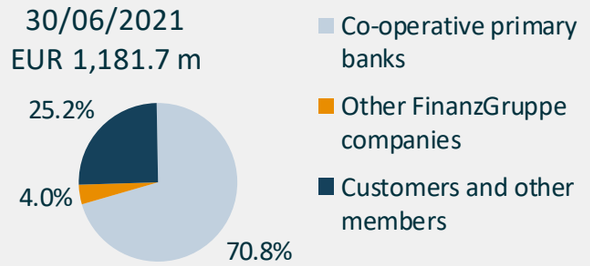
as per 30/06/2021

equity components

in EUR million

Common Equity Tier 1		**1,557.8**
Paid-up capital	1,181.7	
Reserves	347.0	
Special items for general banking risk	55.0	
Deductible items	- 25.8	
Additional Equity Tier 1		**113.8**
Tier 2 Capital		**38.8**
Total Equity		**1,710.4**

ownership structure



Date of information: 30/06/2021

Ratings

Moody's Investors Service	**Münchener Hypothekenbank eG**		
		Moody's Rating	**Outlook**
	public-sector Pfandbriefe	terminated*	
	mortgage Pfandbriefe	Aaa	
	senior unsecured (preferred senior notes)	Aa3	negative
	junior senior unsecured (non-preferred senior notes)	A2	
	short-term liabilities	Prime-1	
	long-term deposits	Aa3	negative
	AT1 rating	Ba1 (hyb)	
Fitch Ratings	**Münchener Hypothekenbank eG within the Cooperative Financial Network**		
		Fitch Rating	**Outlook**
	long-term	AA-	stable
	short-term	F1+	
S&P Global Ratings	**Cooperative Financial Network**		
		S&P Rating	**Outlook**
	long-term	A+	stable
	short-term	A-1	

* issuance of Public Sector Pfandbriefe is no longer within Bank's business strategy

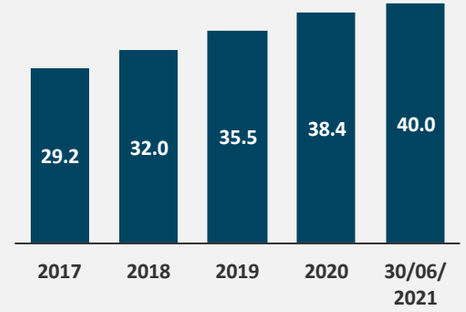
Date of information: 31/07/2021

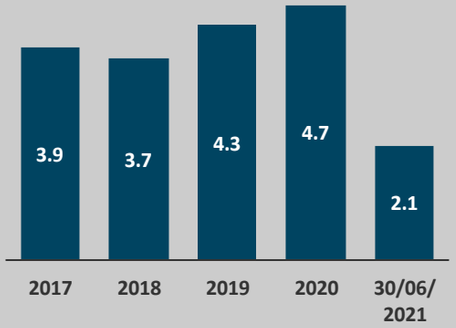
Business Performance – part I

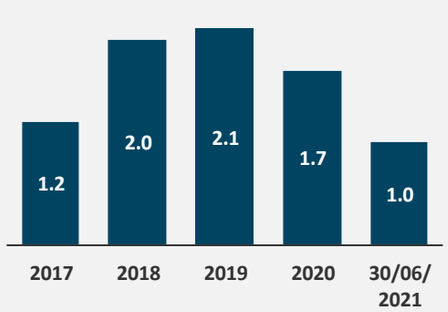
Continuous positive business development

new loan business at good level despite corona crisis

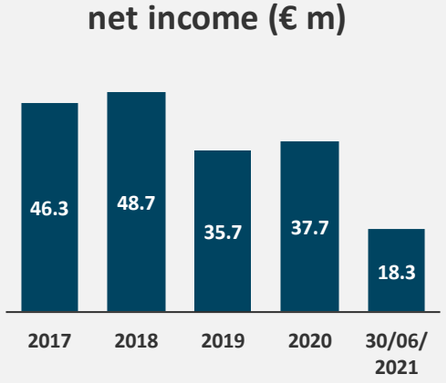
loan business

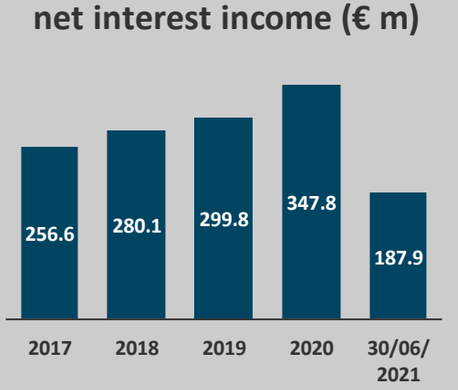


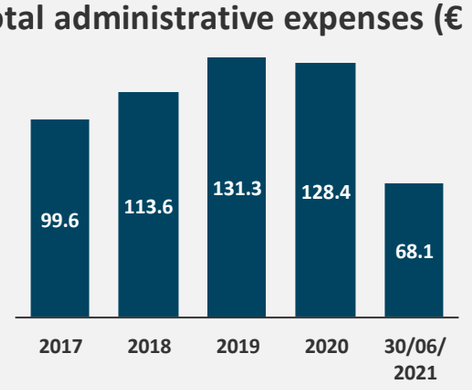




profitability







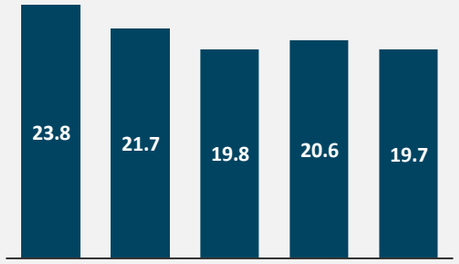
Date of information: 30/06/2021

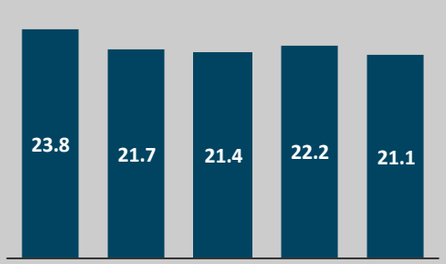
Business Performance – part II

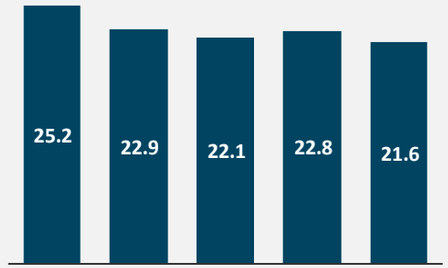
Crisis-resistent in the ECB stress test 2021

MünchenerHyp maintains high capital ratios and meets regulatory requirements

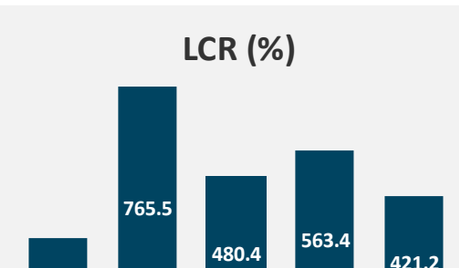
capital

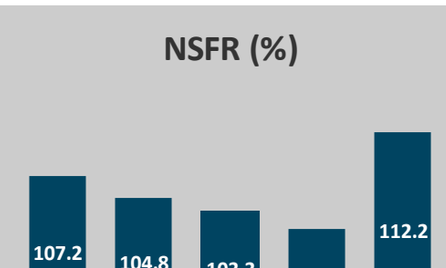


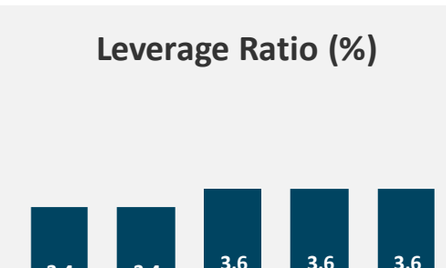




regulation







Date of information: 30/06/2021

Mortgage loan portfolio

The portfolio impresses with its high granularity

loan portfolio

- 39.96 bn Euro
- 217,752 individual loans
- volume by type of underlying property:
  - 80.1% residential
  - 19.9% commercial
- average loan size:
  - about 148,000 Euro residential properties
  - about 6,600,000 Euro commercial properties
- average loan-to-value ratio:
  - 63.8% residential buildings
  - 85.7% commercial buildings
- geographic split:
  - 45.9% Bavaria, Baden-Württemberg, Hesse and North Rhine-Westphalia
  - 27.5% other German States
  - 5.5% Berlin
  - 11.8% Switzerland
  - 9.3% other non-domestic
- NPL- ratio is at 0.45% (as per 31/12/2020)

mortgage loan portfolio as per 30/06/2021

LTV

L.-t.-sust.-value ratio *)	EUR millions	%	% cumulative
Up to 60%	15,687	39.26%	39.26%
Over 60 to 70%	6,488	16.24%	55.49%
Over 70 to 80%	7,069	17.69%	73.18%
Over 80 to 90%	3,554	8.89%	82.08%
Over 90 to 100%	2,893	7.24%	89.32%
Over 100%	4,252	10.64%	99.96%
Without	16	0.04%	100.00%
Total	**39,960**	**100.00%**	

*)The terms of the German Pfandbrief Act (PfandBG) define the sustainable value of property as, being generally 10-15% below the open market value of the property.

useful links

Links:

§28 Pfandbrief Act - further cover pool information

https://www.muenchenerhyp.de/sites/default/files/downloads/2021-07/Para_28_20210630_englisch_0.xls

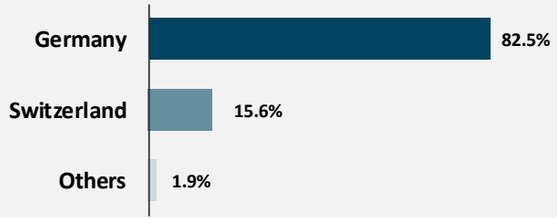
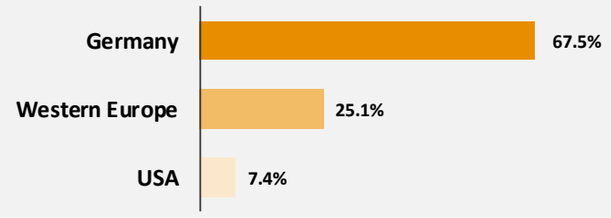
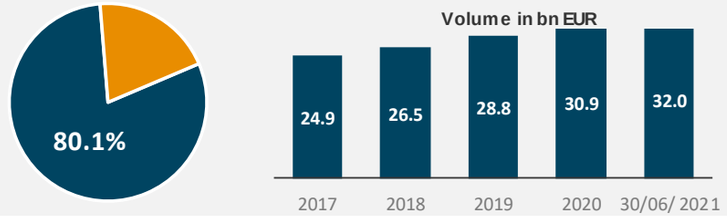
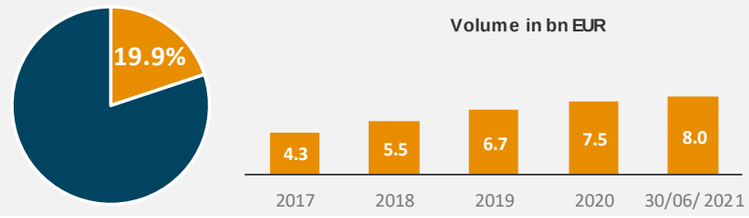
ECBC Label

https://www.muenchenerhyp.de/sites/default/files/downloads/2021-07/HTT_2021_MuenchenerHyp_202106_4.xlsx

Date of information: 30/06/2021

Business Areas

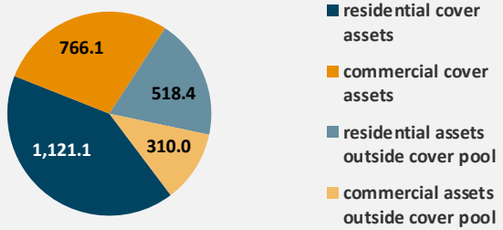
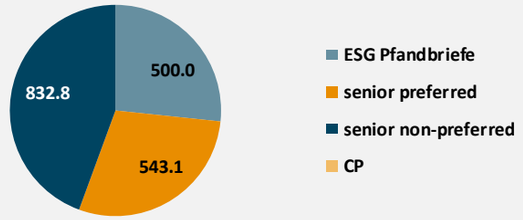
Diversified growth in the mortgage portfolio across sectors and regions

Business Areas	Residential Mortgages	Commercial Mortgages
Approach	Financing of privately used residential real estate	Financing of predominantly offices and retail properties
Competitive Strength	Distribution network of the cooperative banking sector and partnerships (PostFinance, Switzerland)	Attractive funding basis, expertise and a quick decision making process
Products	Fixed rate loans with amortisation up to 40 years	Broad product range
Geographical Focus		
Share of business by type & development of portfolio		

Date of information: 30/06/2021

Sustainability within MünchenerHyp

Sustainability in all business areas

Sustainability	Assets	Liabilities
Products	green mortgage loan for residential properties - focus on energy efficency; improved interest rate certified commercial properties - top criteria of important certification systems	ESG Pfandbriefe green senior preferred bonds green senior non-preferred bonds green commercial paper
Engagement	number of loans 7,566 - 7,523 residential properties - 43 commercial properties	number of outstanding bonds - 10 EUR bonds - 4 CHF bonds
Volume	EUR 2,716 m total loan volume - EUR 1,640 m residential loans - EUR 1,076 m commercial loans	total volume of outstanding bonds - EUR 1,125 m - CHF 810 m
Distribution	**green portfolio in EUR m** 	**green bond in EUR m** 
Green Standards (several links)	Green Bond Framework Second Party Opinion Impact Reporting	Allocation Reporting Non-Financial Report

Stand: 30/06/2021

Sustainability Ratings

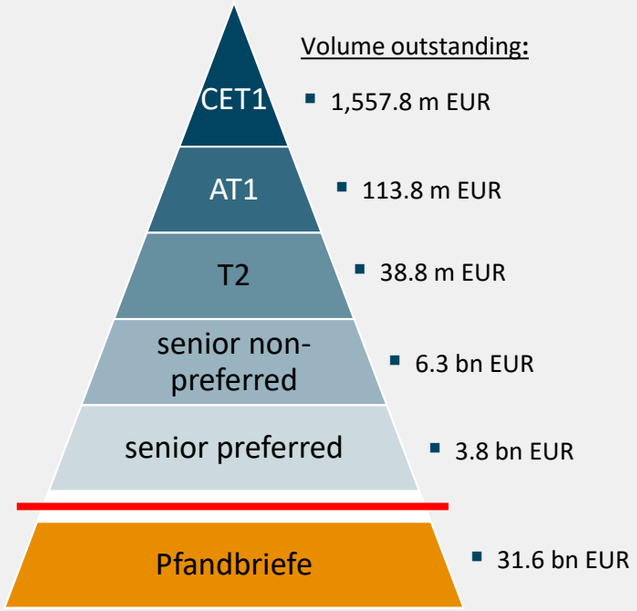
Good ratings confirm the sustainability of MünchenerHyp

Corporate ESG Performance – Prime – RATED BY ISS ESG	Social Rating Environmental Rating Rating	**B-** **C+** **C+**	MünchenerHyp is rated 4th out of 130 companies in the sector Financials/Mortgage & Public Sector Finance, status: 18/12/2020
imug			imug has suspended sustainability ratings for bank bonds in principle
SUSTAINALYTICS		**18.5%**	The lower the risk score, the more robust the company's sustainability management. ranking 3rd within the peer group; status: 21/07/21
DZ BANK 08/2021 SEAL OF QUALITY FOR SUSTAINABILITY Münchener Hypothekenbank			

Limited Bail-in Risk

Limitation of the bail-in risk of MünchenerHyp as a result of the two pillar approachs

Pillar I – Bail-in cascade as per German Recovery and Resolution Act[1]



Pillar II – Protection scheme by the BVR

§1 statute of the BVR protection scheme

„The task of a bank-related protection scheme by the BVR is to avert or remedy impending or existing financial difficulties at it affiliated banks.“

Bail-in risk MünchenerHyp

- Bail-in risk can be limited by preventive measures of the support mechanism of the Cooperative Financial Network
- “Priority of support mechanism of the BVR versus implementation of BRRD[2] or SRM[3] instruments[4]”

[1] In german known as: Sanierungs- und Abwicklungsgesetz (SAG)
[2] Bank Recovery and Resolution Directive (BRRD)
[3] Single Resolution Mechanism (SRM)
[4] Hofmann, Gerhard. Member of the Executive Board BVR. (2014):Europäische Bankenunion: Perspektiven und Handlungsoptionen für die genossenschaftliche FinanzGruppe, In: Wissenschaft und Praxis im Gespräch Universität Münster, Münster den 26. Mai.2014.

Date of information: 30/06/2021

Creditor Protection

support mechanism

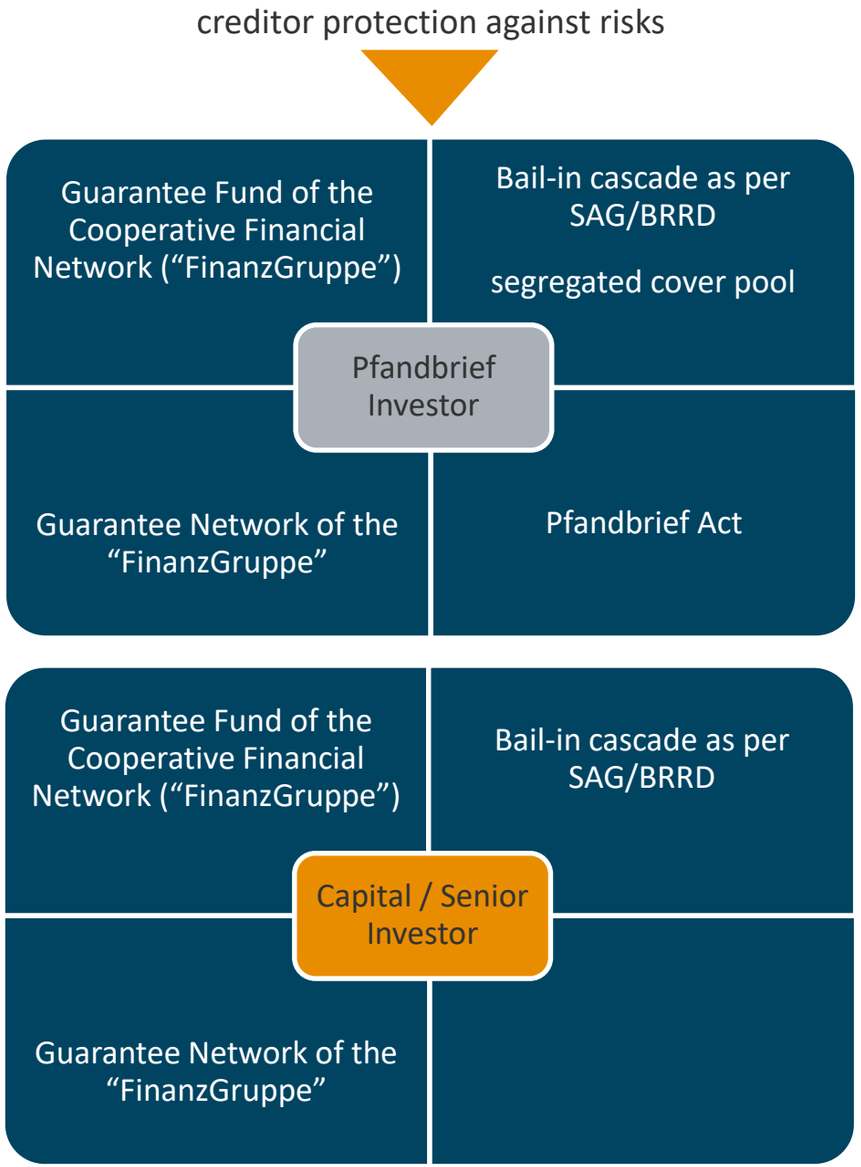
- Guarantee Fund and Guarantee Network
- managed by the Cooperative Financial Network (BVR)
- oldest support mechanism in Germany

tasks

- preventive actions
- reorganisation measures

history

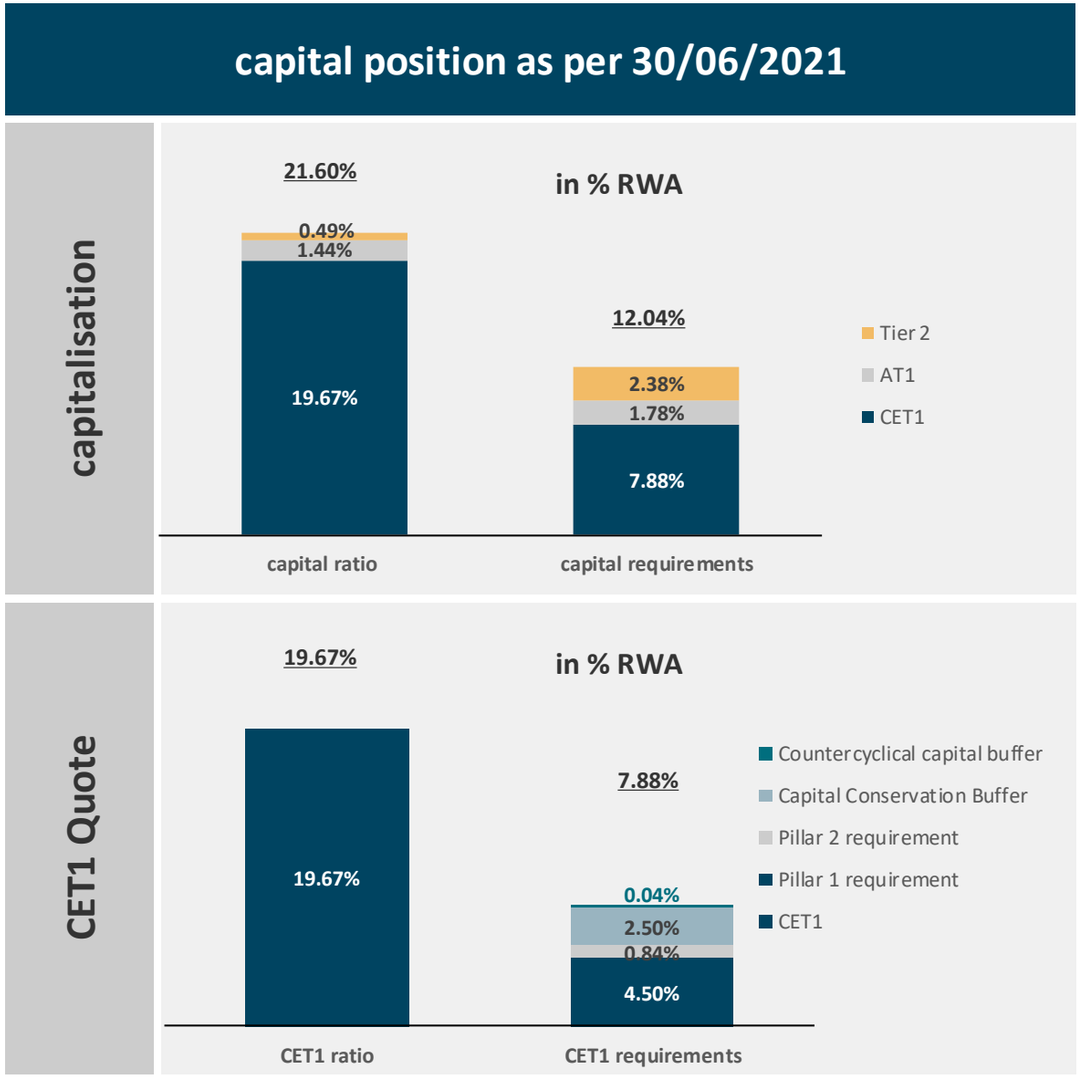
- no bankruptcy
- no loss of the notional amount of the co-operative shares
- no loss of deposits



Capital Position

MünchenerHyp comfortably exceeds the regulatory minimum CET1 requirements

- Münchener Hyp‘s mid year 2021 CET1 ratio of 19.67% is comfortably above the minimum SREP requirement of 7.88%
- MünchenerHyp has not been identified as an Other Systemically Important Institution (O-SII) and hence is not required to meet an O-SII charge currently
- actually Germany has not activated the countercyclical capital buffer (CcyB)
- ADI amount to EUR 393.7 m (as per 31/12/2020)
- RWA add up to EUR 7,919.2 m

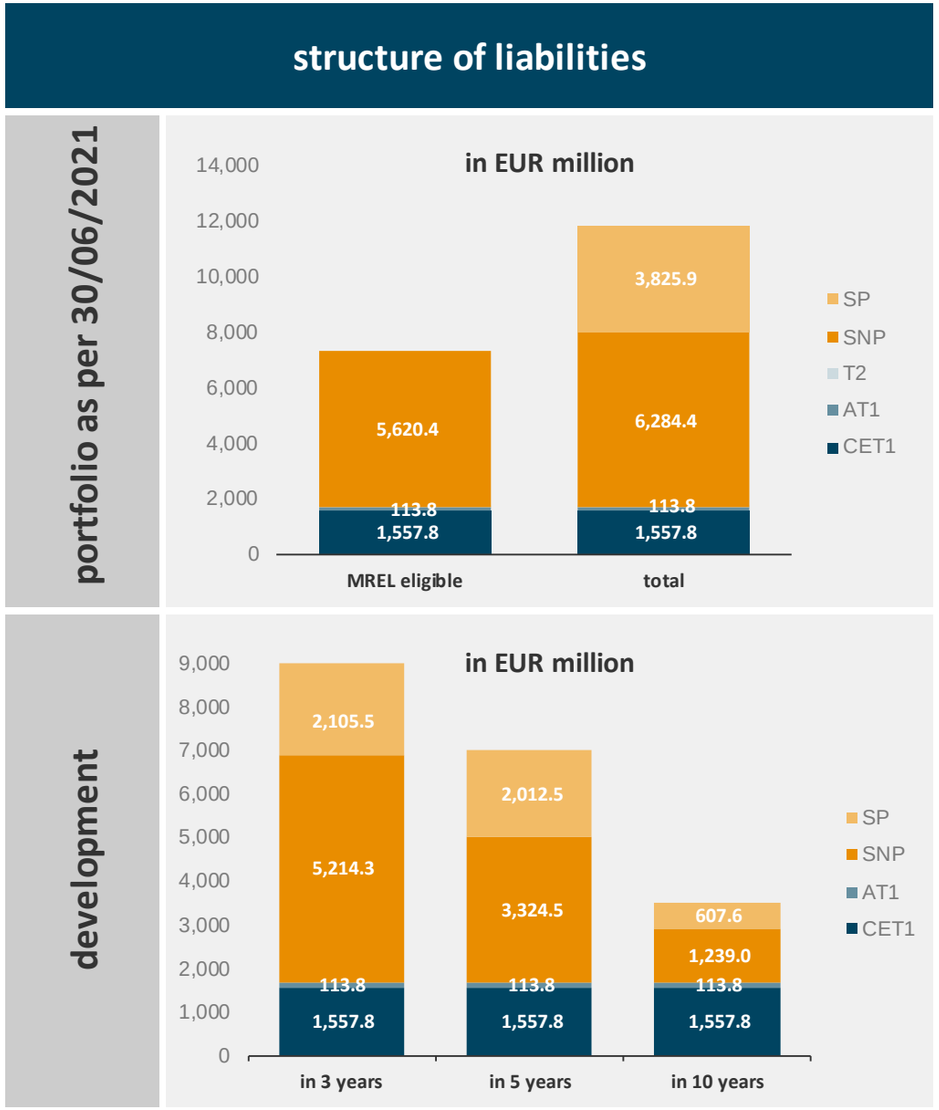


Date of information: 30/06/2021

MREL and liability structure

MREL requirements are fulfilled in the long term

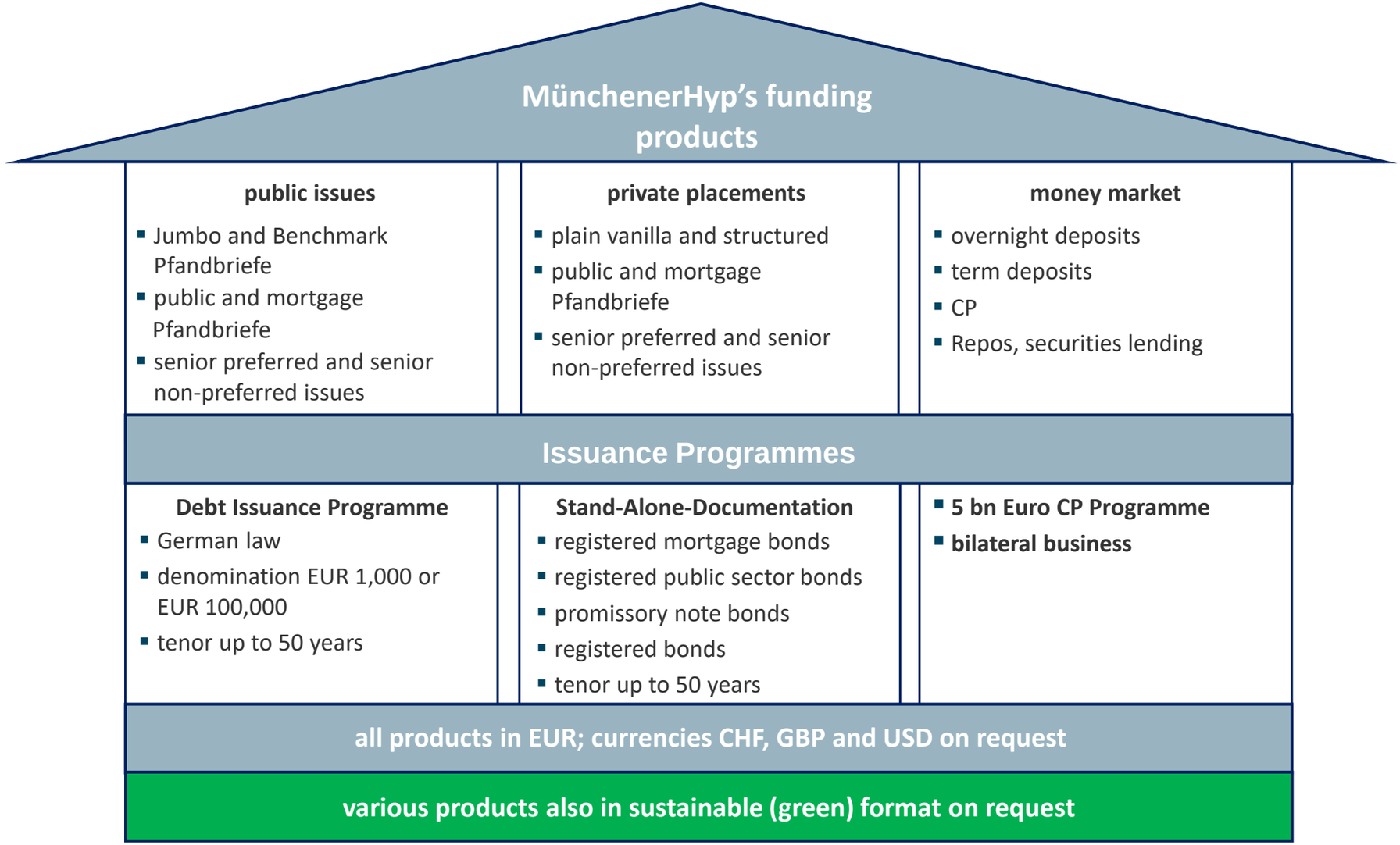
- large outstanding volume of MREL-eligible Senior Non-Preferred Bonds (SNP) due to many years of issuing activity
- bonds with medium and long-term maturities
- MREL requirements are conveniently fulfilled both now and in the future
- high buffer for Senior Preferred (SP) investors available



the maturities are based on the contractual final maturity

Date of information: 30/06/2021

Funding Products



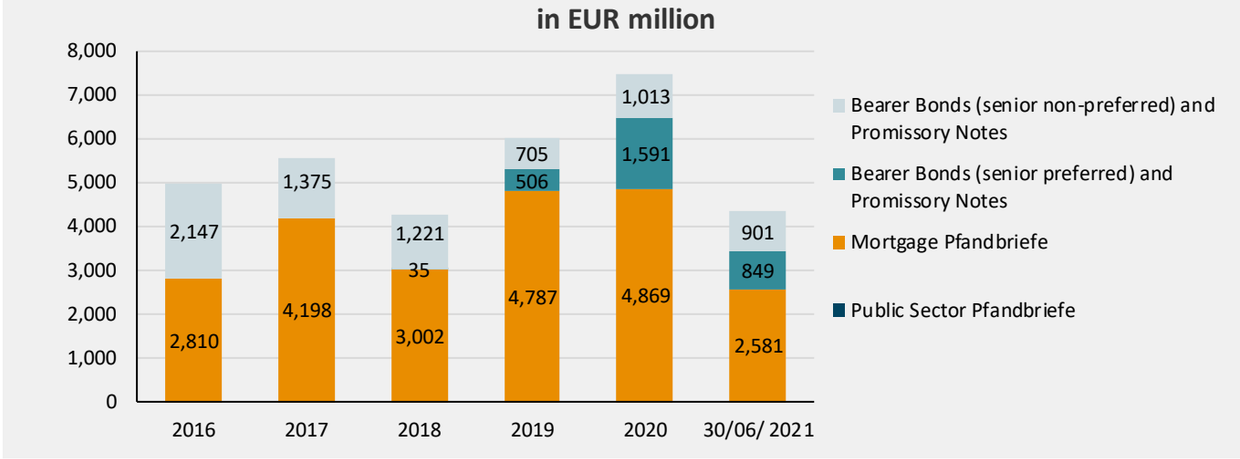
Funding and maturity profile

MünchenerHyp has a comfortable funding and maturity profile across senior and covered debt

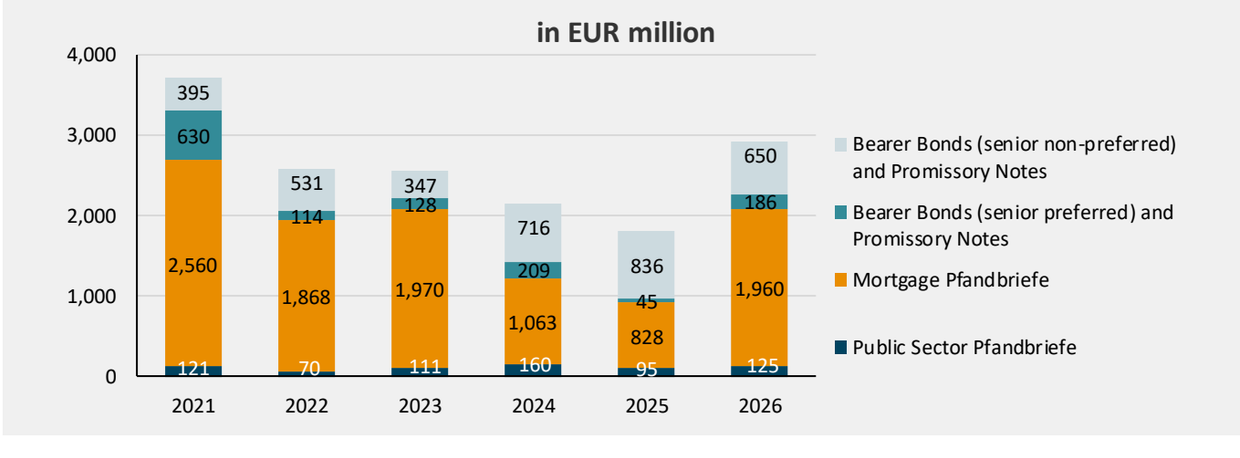
- Most of the upcoming maturities of MREL eligible senior non-preferred has already been replaced within the ongoing funding activities
- the funding plan provides for a balanced distribution across all refinancing products
- Cost efficient access to senior funding via the Cooperative Financial Network
- MünchenerHyp regularly issues benchmark Pfandbriefe in various currencies and also in sustainable format
- permanent offer of private placements with tailor-made terms and structures

as per 30/06/2021

funding



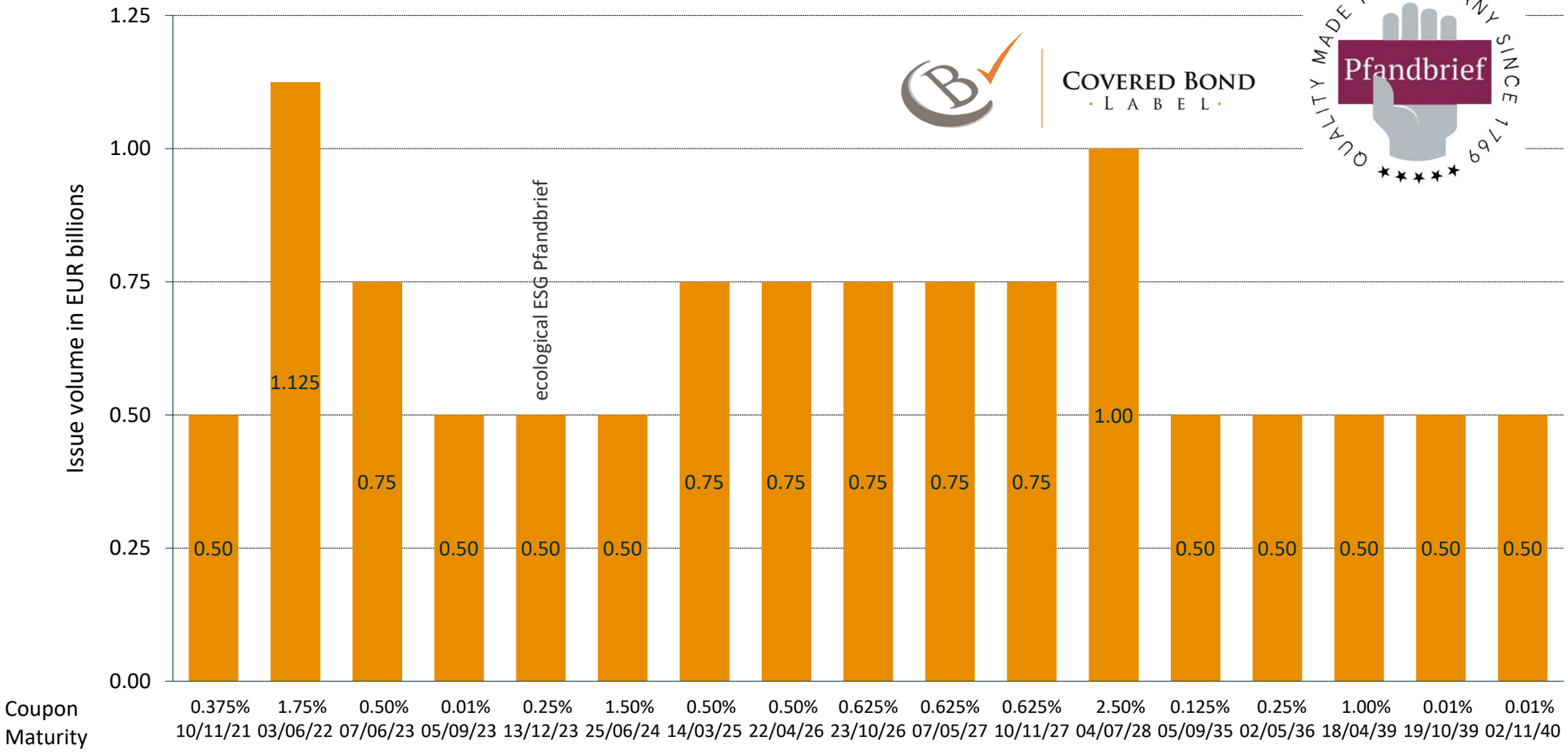
maturity profile



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

MünchenerHyp's € Benchmark-Pfandbriefe

MünchenerHyp has a long history as an issuer



Mortgage Pfandbriefe

Total volume of EUR Benchmark-Pfandbriefe outstanding: EUR 11.125 bn

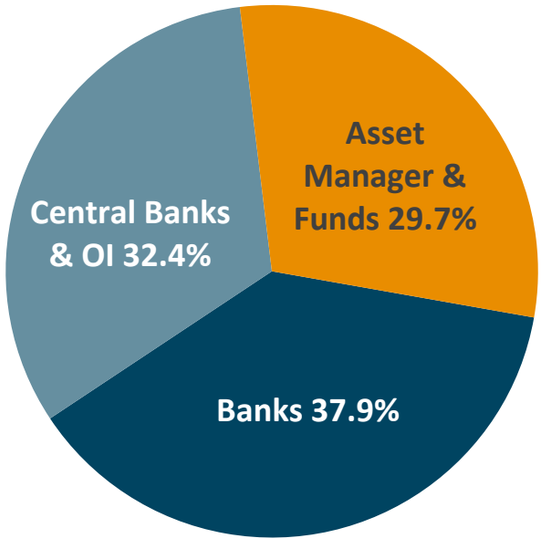
Date of information: 31/07/2021

Lately issued Benchmark-Pfandbriefe

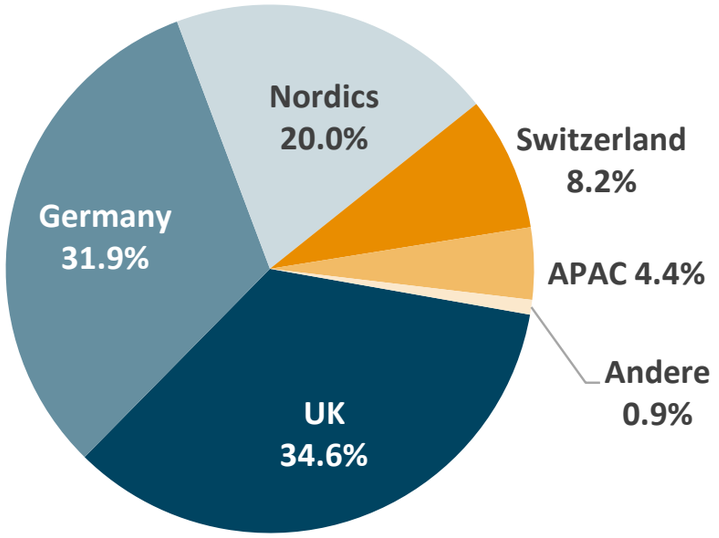
Issue 7/2021: GBP 0.35 bn, approx. 3.5 years Mortage Pfandbrief, UKT + 39bp

- ISIN DE000MHB4446, 16/07/2021 – 11/12/2024
- orderbook around GBP 0.5 bn
- 24 orders from 8 countries

Investors



Geographic split

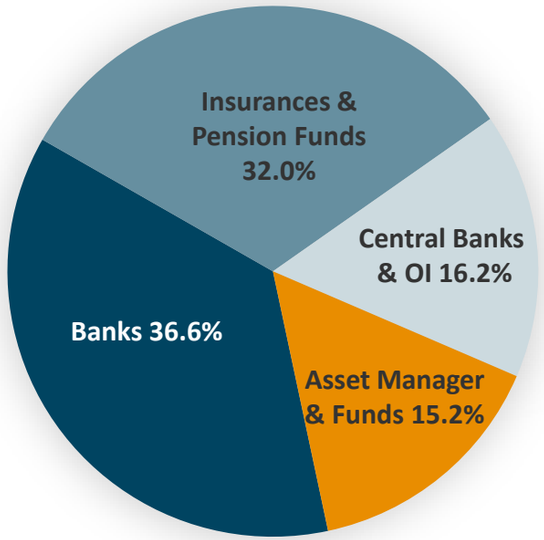


Lately issued Benchmark-Pfandbriefe

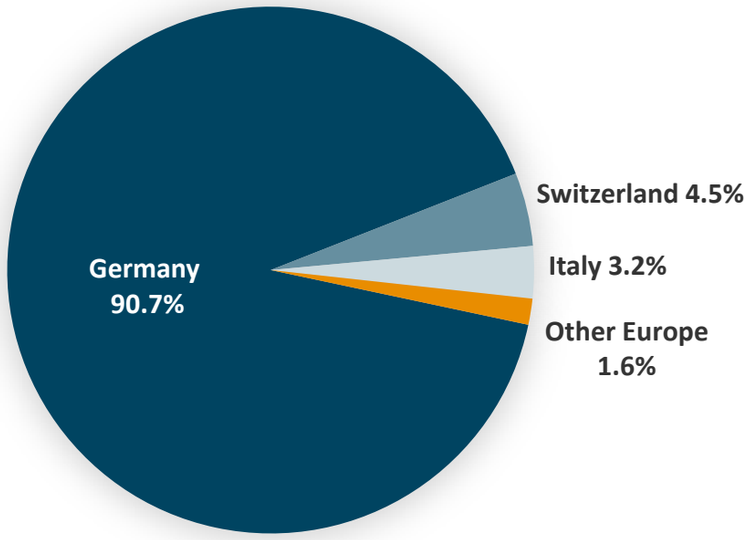
Issue 5/2021: EUR 0.50 bn, 15 years Mortage Pfandbrief, MS - 3bp

- ISIN DE000MHB28J5, 04/05/2021 – 02/05/2036
- orderbook around EUR 1.1 bn
- 44 orders from 5 countries

Investors



Geographic split

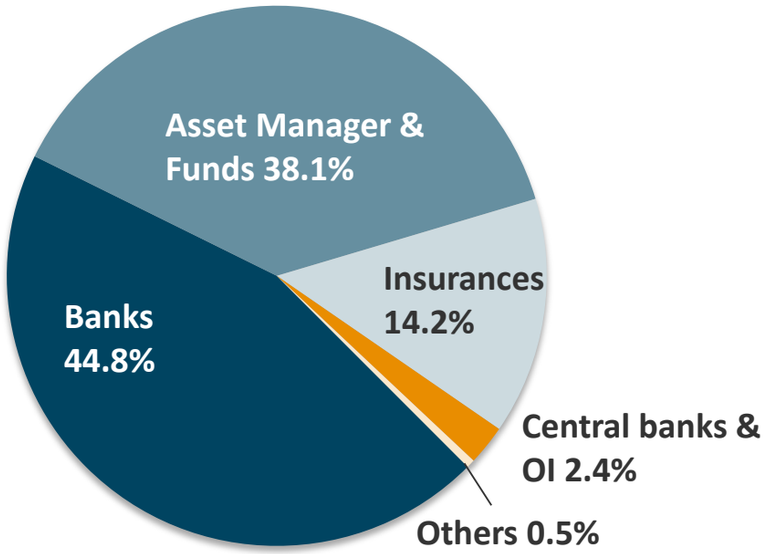


Lately issued green senior non-preferred benchmark

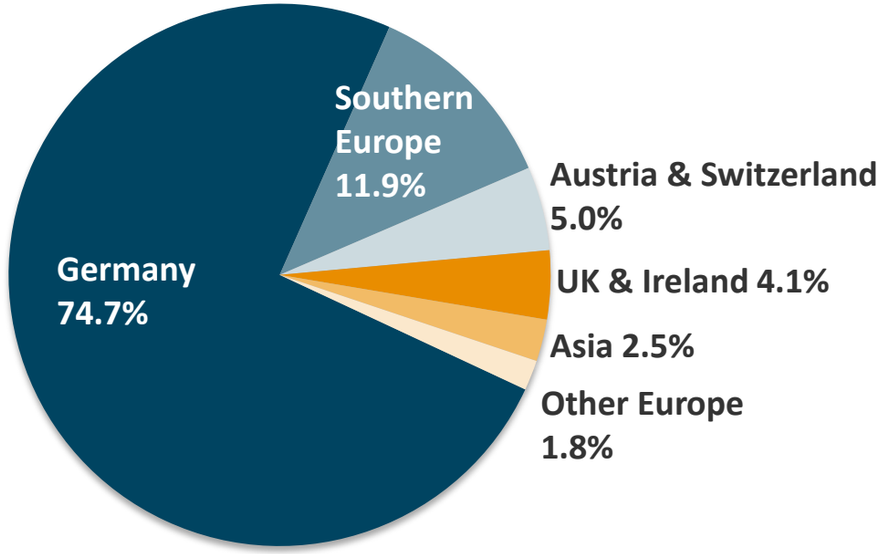
Issue 3/2021: EUR 0.50 bn, 8 years green senior non-preferred benchmark MS + 57bp

- DE000MHB27J7, 10.03.2021 – 09.03.2029
- orderbook around EUR 0.9 bn
- 117 orders from 13 countries

Investors



Geographic split



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* Phone calls will be recorded