



ULRICH SCHEER
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CEO

Letter from the Board of Management

Dear Shareholders and Business Associates,

125 years ago, on 2 December 1896, MünchenerHyp was founded as Bayerische Landwirtschaftsbank. As the name suggests, its original task was to support Bavarian farmers with fair mortgage loans. MünchenerHyp has long since outgrown its original business purpose. Today, we are an internationally operating real estate bank specialising in financing residential and commercial property. We are counted among the significant European banks by the European Central Bank (ECB) and are therefore directly supervised by it.

Through all the changes, successes and setbacks, over 125 years MünchenerHyp has remained true to its core: **it is an independent cooperative bank**. The cooperative principle still shapes our independent business activities today.

Especially in difficult times, it is the willingness and ability to act that counts. Another financial year dominated by the COVID-19 pandemic once again demanded a great deal of energy and flexibility in order to maintain business as usual for our customers and partners.

Record result in new business

We benefited from continuing high demand for property and property financing. Low interest rates ensured positive momentum on property markets, resulting in a high volume of new business. After a slight decline in new business during 2020, the past financial year put us back on track to achieve a record result. With property financing totalling EUR 6.8 billion, we achieved the highest volume of new business in our Bank's history. Together with purchases of capital market securities, which we need in order to manage liquidity requirements, our new business even exceeded EUR 7 billion for the first time.

In private residential property financing, we were able to continue the growth of past years. Commitment volume rose by almost 8 percent to EUR 4.3 billion. Around three quarters of this figure related to financing brokered by cooperative primary banks. We were able to significantly expand the business referred to us by independent financial service providers and by PostFinance in Switzerland. In the Austrian market, we expanded the circle of our cooperation partners and have now gained a stronger foothold after entering this market with new business of EUR 48 million.

In commercial property financing, the effects of the COVID-19 pandemic were still felt. We are therefore satisfied that we were able to increase our new business again. All in all, we granted approximately EUR 2.5 billion in commercial property financing, up by 3.5 percent year on year. The focus was on the German market, which is appreciated by investors for its high stability.

The strength of new business is also reflected in the mortgage portfolios. Unlike many property financiers, who struggle to maintain their loan portfolios, we were able to expand them by 8 percent to EUR 41.6 billion over the course of the year. As a result, our total assets jumped over the EUR 50 billion threshold for the first time, reaching EUR 52.5 billion at year-end 2021. Credit risks remained at a very low level despite the ongoing COVID-19 pandemic and the devastating floods.

Higher earning power – good capital base

The development of earnings was encouraging. Net interest income rose by 16 percent to EUR 402.6 million, thanks in particular to the positive development of new business over many years. Net interest and commission income also improved significantly, rising by 14 percent to EUR 272.4 million.

On the other hand, administrative expenses increased only moderately by 3.5 percent to EUR 132.9 million. Apart from higher personnel costs, this was mainly due to the increase in the bank levy by EUR 3.7 million, which has now reached the considerable figure of EUR 19.6 million and may not be recognised as an expense for tax purposes.

We remain satisfied with MünchenerHyp's capital base. Our members' capital contributions increased by EUR 90.1 million to EUR 1.24 billion. Our regulatory equity capital totalled EUR 1.79 billion. This gives us a Common Equity Tier 1 ratio of 20.4 percent as of 31 December 2021, still placing us well above the minimum capitalisation set for our Bank by the ECB, even taking into account the additional capital buffers required of all banks by the banking supervisory authorities.

Positive funding conditions

In the last year, we very successfully issued securities in euros, British pounds and Swiss francs on the capital market. This enabled us to refinance on the one hand at attractive conditions and on the other hand in matching currencies. Among our Pfandbrief issues, two long-dated Mortgage Pfandbriefe with a volume of EUR 500 million each, which we issued in the first half of 2021, stood out in particular. In July, we returned to the UK capital market with a Mortgage Pfandbrief for GBP 350 million. In Switzerland, we again successfully issued several bonds with a total volume of CHF 1.8 billion. MünchenerHyp is therefore a well-accepted and established issuer both on the Swiss market, but MünchenerHyp is also recognised as an issuer in Swiss francs on the international

capital markets. In uncovered paper, we celebrated a first with a green senior non-preferred bond of EUR 500 million – our first green bond in this product category.

Dividend for financial year 2021

After not having been allowed to distribute a dividend in the two previous years, or only to a limited extent, due to ECB rulings, we are not subject to any restrictions this year. Therefore, we can finally allow our members once more to take their due share in the success of MünchenerHyp. The net income for 2021 and profit carried forward from previous years of around EUR 33 million are available for the distribution. This results in a dividend of 4.75 percent per share. We thank our members for their loyalty to MünchenerHyp in these challenging times.

Tradition on the move

MünchenerHyp's 125-year history has been shaped by people working together to overcome the challenges of the times. Thus, our success in this anniversary year is also based on the cooperative will to achieve more together. Our employees in particular have contributed to this success story, achieving a record result despite the continuing burdens imposed by the COVID-19 pandemic. For this we thank them most sincerely. We also thank the Supervisory Board for its valuable advice. And we thank the Delegates for their support and commitment not only in the last year but also in the five years of their term of office, which ended as scheduled in 2021. We look forward to working with the new Delegates Meeting in

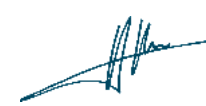
the years ahead. We would like to thank the Works Council and the Executive Employees Committee for their constructive cooperation.

In view of positive economic and growth forecasts and hopes of an easing COVID-19 pandemic, we started 2022 on a note of cautious optimism. However, Russia's attack on Ukraine and growing concerns over inflation significantly increase the uncertainties already hanging over this year's business development and make it even harder to arrive at a forecast. So from today's perspective it will be difficult to achieve the moderate expansion of our new business planned for this financial year.

Yours sincerely,



Dr Louis Hagen
CEO



Dr Holger Horn
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