

# Investor presentation

Half-year results 2024

Münchener Hypothekenbank





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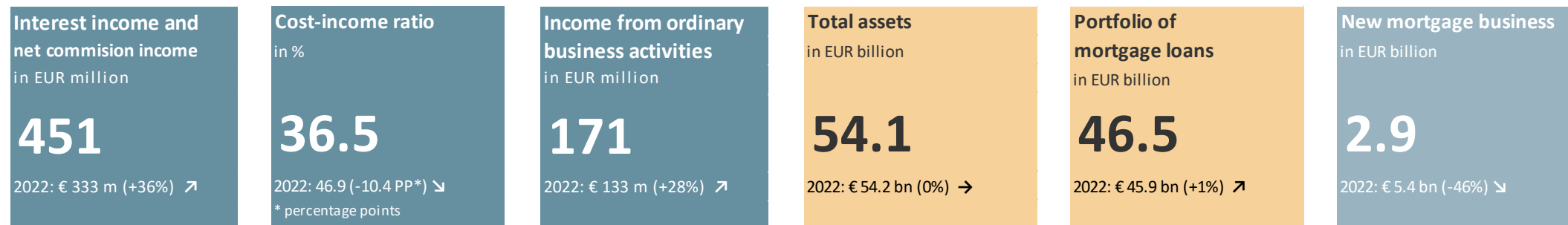
# Introduction



# Münchener Hypothekbank – a strong real-estate bank

## The financial year 2023 in words and figures

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



All comparative figures including Warburg Hypothekbank



# Münchener Hypothekbank at a glance

Not a bank like any other

## Systemic important bank under direct ECB supervision

- Independent from any corporate group and member of the Cooperative Financial Network (“FinanzGruppe”)
- EUR 54.5 bn total assets (30/06/2024)
- Broad based ownership and no predominant owner
- Moody’s rating upgrade May 2024: Aa2 senior unsecured (stable), A1 junior senior unsecured, Aaa mortgage Pfandbriefe

## Deep roots within the Cooperative Financial Network

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

## Sustainable business model

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



# Ownership and equity

Members as largest capital investor

## Membership

- 56,827 members
- 18.1 million cooperative shares
- EUR 70 nominal value, no trading

## Impact on strategy and business

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

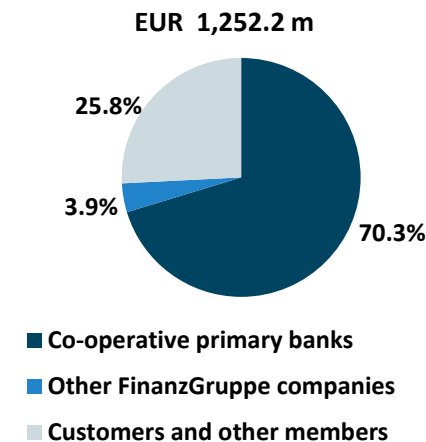
## Equity components 30/06/2024 (EUR m)

<b>Common Equity Tier 1</b>	<b>1,771.7</b>
Paid-up capital	1,252.2
Reserves	463.0
Special items for general banking risk	114.0
Deductible items	- 57.5
<b>Additional Equity Tier 1</b>	<b>217.6</b>
<b>Tier 2 Capital</b>	<b>350.9</b>
<b>Total Equity</b>	<b>2,340.2</b>

## Advantages for lenders of capital (shares)

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









## Ownership structure 30/06/2024





# Ratings

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

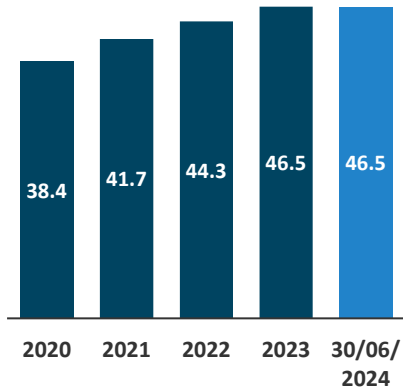
Rating agency	Categories	Credit rating	Outlook	Rating Action
	<b>Issuer rating Münchener Hypothekenbank</b>			
	Mortgage Pfandbriefe	Aaa		
	Senior unsecured (senior preferred notes)	Aa2	stable	↗
	Junior senior unsecured (senior non-preferred notes)	A1		↗
	Short-term liabilities	P-1		
	Long-term deposits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



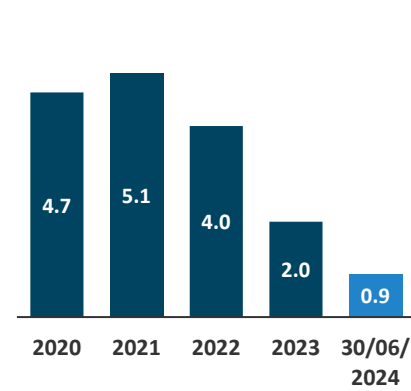
# Business performance

## Loan business and profitability

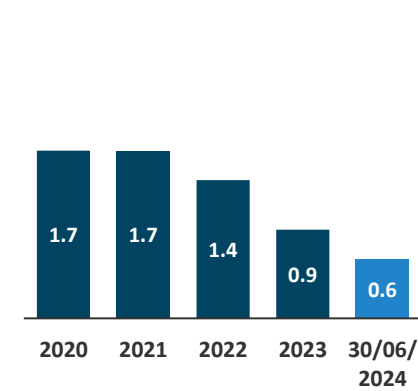
Mortgage loan portfolio (EUR bn)



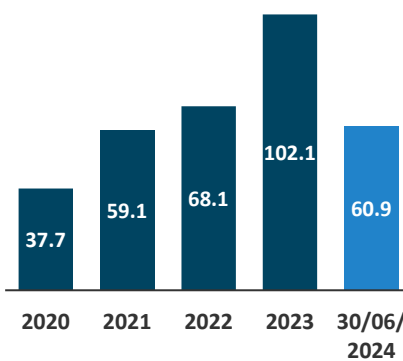
New loans residential (EUR bn)



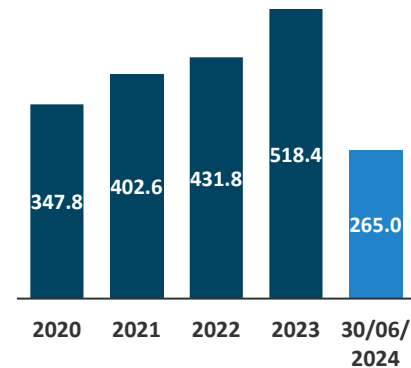
New loans commercial (EUR bn)



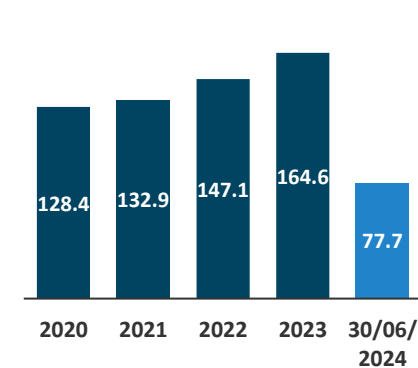
Net income (EUR m)



Net interest income (EUR m)



Total administrative expenses (EUR m)



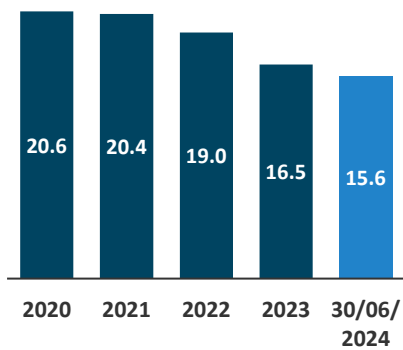




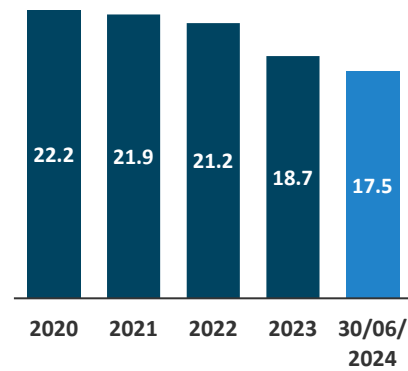
# Business performance

## Capital and regulatory

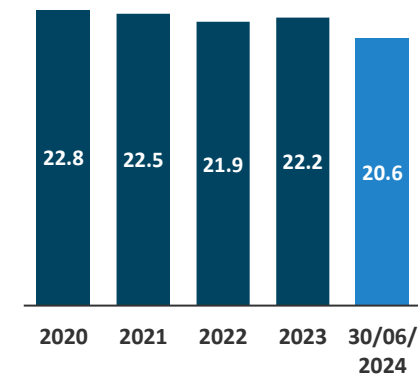
Common equity Tier 1 capital ratio (%)



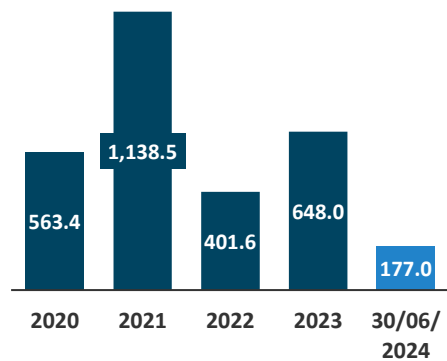
Tier 1 capital ratio (%)



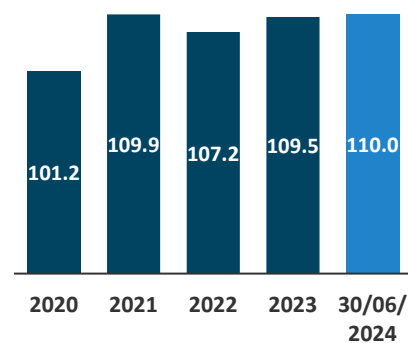
Total capital ratio (%)



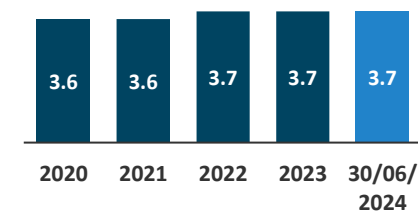
LCR (%)



NSFR (%)



Leverage ratio (%)





# Mortgage loan portfolio

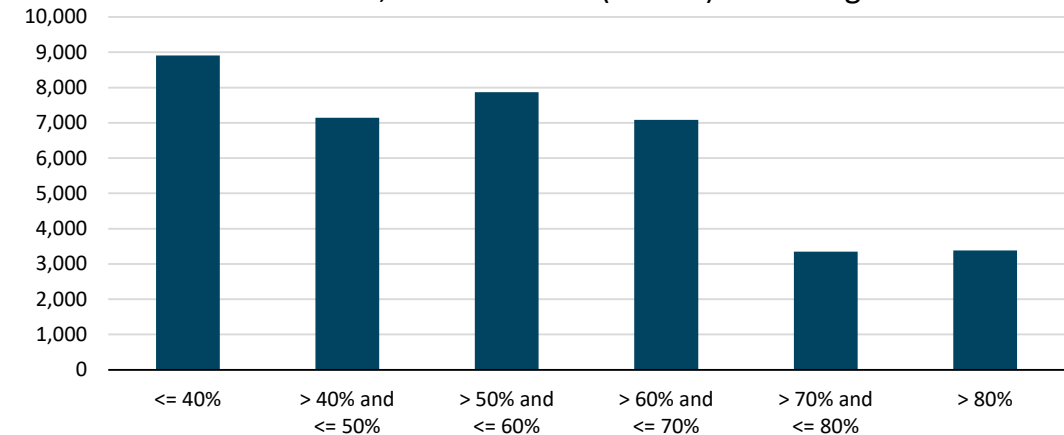
Portfolio impresses with its high granularity

## EUR 46.5 bn loan portfolio 30/06/2024

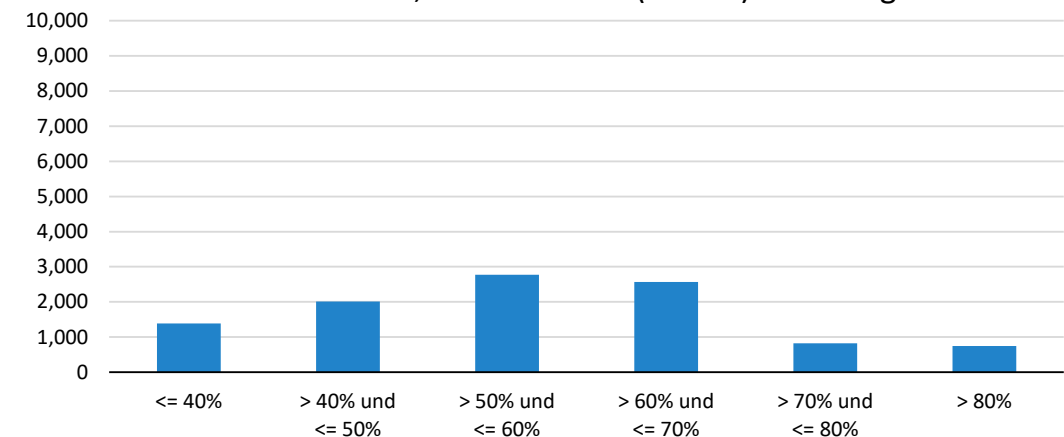
- 223,342 individual loans – thereof 222,112 residential
- Volume by type of underlying property:
  - 78.3% residential buildings
  - 21.7% commercial buildings
- Average loan size by property type:
  - About EUR 163,600 residential properties
  - About EUR 8,213,000 commercial properties
- Average LTV:
  - 53.9% residential buildings
  - 59.8% commercial buildings
- Geographic split:
  - 46.2% Bavaria, Baden-Württemberg, Hesse and NRW
  - 34.2% other German States
  - 11.1% Switzerland
  - 8.5% other non-domestic
- NPL-ratio: 1.56%
- The focus of the bank's strategy is not on development loans or building project organizer financing

## LTV 30/06/2024

Residential, credit volume (EUR m) according to LTV



Commercial, credit volume (EUR m) according to LTV





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# Sustainability



# Sustainability at Münchener Hypothekenbank

ESG holistically implemented in the bank



## Environmental

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



## Social

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



## Governance

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



# “Green balance sheet” of Münchener Hypothekenbank

Continuous growth in assets and liabilities

	Assets 31/12/2023	Liabilities 31/12/2023
<b>Products</b>	Green mortgage loan for residential properties <ul style="list-style-type: none"> <li>▪ Focus on energy efficiency, improved interest rate</li> </ul> Certified commercial properties <ul style="list-style-type: none"> <li>▪ Top criteria of important certification systems</li> </ul>	Green Pfandbriefe Green senior preferred bonds Green senior non-preferred bonds Green commercial paper (CP), green deposits
<b>Engagement</b>	Number of loans 24,972 <ul style="list-style-type: none"> <li>▪ 24,784 residential properties</li> <li>▪ 188 commercial properties</li> </ul>	Number of outstanding bonds <ul style="list-style-type: none"> <li>▪ 17 EUR bonds</li> <li>▪ 6 CHF bonds</li> </ul>
<b>Volume</b>	EUR 9,391 m total loan volume <ul style="list-style-type: none"> <li>▪ EUR 4,759 m residential loans</li> <li>▪ EUR 4,632 m commercial loans</li> </ul>	Total volume of outstanding bonds <ul style="list-style-type: none"> <li>▪ EUR 2,995 m</li> <li>▪ CHF 1,075 m</li> </ul>



**Green Standards** (links)

[Green Bond Framework](#)
[Second Party Opinion](#)
[Impact Reporting](#)
[Allocation Reporting](#)
[Non-Financial Report](#)



# Sustainable loan selection criteria

Green portfolio in line with the ICMA Green Bond Principles

## Residential – green loans

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

### Info:

- Grandfathering for green loans granted since November 2015

## Commercial - certified environmental loans

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






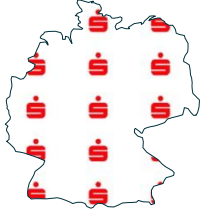
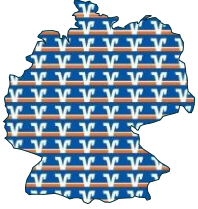

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# Cooperative Financial Network



# The German banking landscape

## Position of the Cooperative Financial Network

31/12/2023	Public	Cooperative	Private
<b>Banking sector</b>			
<b>Regional focus</b>	 <p data-bbox="690 896 889 925">regionally focused</p>	 <p data-bbox="1123 896 1322 925">regionally focused</p>	 <p data-bbox="1582 896 1722 925">countrywide</p>
<b>Credit institutions</b>	<p data-bbox="614 1003 963 1100">5 Landesbanks affiliated groups DekaBank 353 Savings banks</p>	<p data-bbox="1029 1003 1414 1100"><b>Cooperative central institution</b> 697 Cooperative banks <b>specialised cooperative companies</b></p>	<p data-bbox="1572 1003 1737 1100">Major German private banks + foreign banks</p>
<b>Market share (GER)*</b>	34%	24%	< less than 10% (each)

\* private deposits





# Strength of the Cooperative Financial Network

Impressive figures for the cooperative sector

## Consolidated key business figures of the Cooperative Financial Network (31/12/2023)

- organized collectively and committed to its members
  - EUR 1,597 billion total assets
  - EUR 14,375 million profit before tax
  - 697 cooperative banks and other specialized companies
  - 135,400 employees in cooperative banks
  - 30 million customers, including 17.8 million members
  - wide range of products from a single source

very good ratings:

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





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# Capital and creditor protection



# Creditor protection

Protection and safety with high priority

## Protection within the Cooperative Financial Network

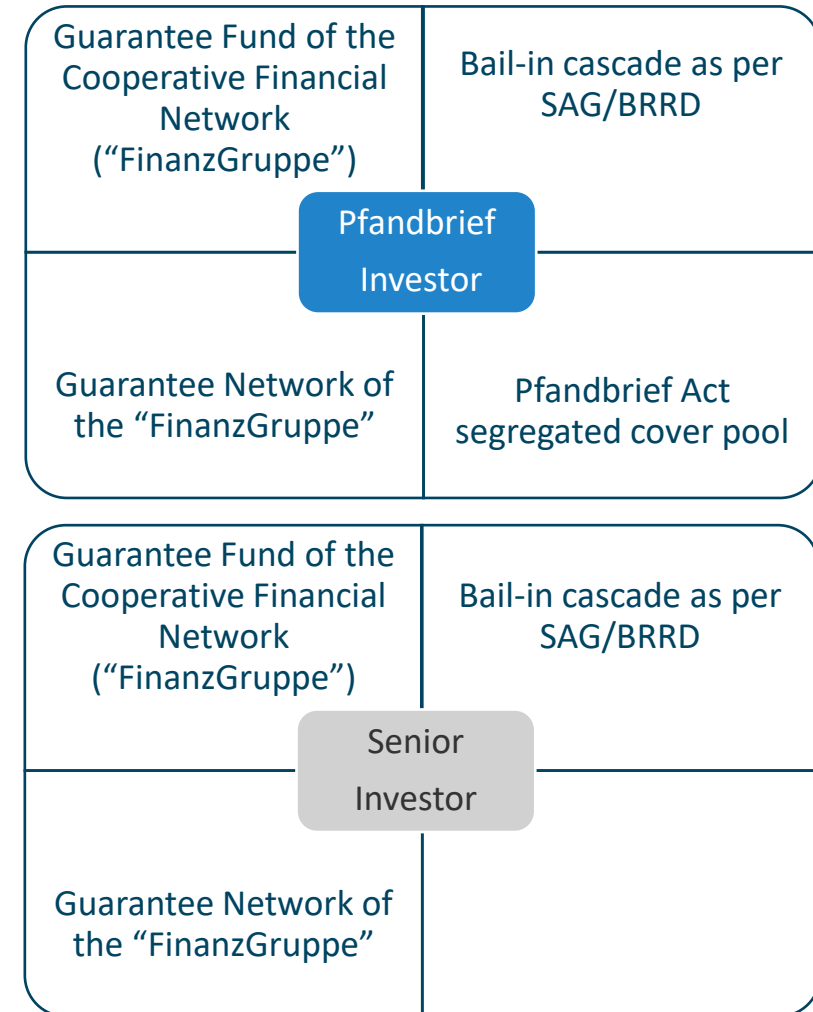
- Dual system consisting of BVR Institutssicherung GmbH (BVR-ISG) and BVR protection scheme
  - Officially recognised deposit insurance scheme supplemented by a voluntary bank-related protection system ensure stability and trust.
- Comprises deposit and institution protection
- Managed by the National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

## Functions

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

## History

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



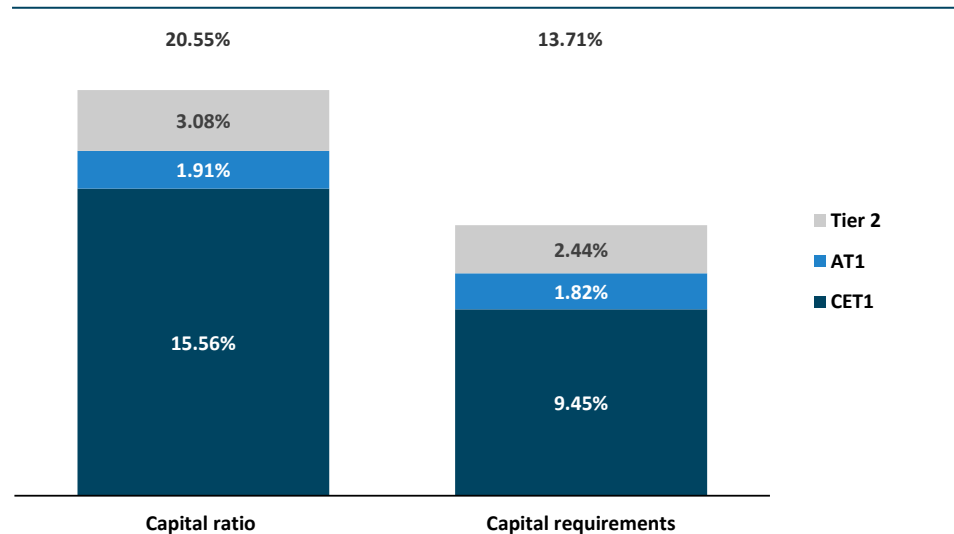


# Capital position

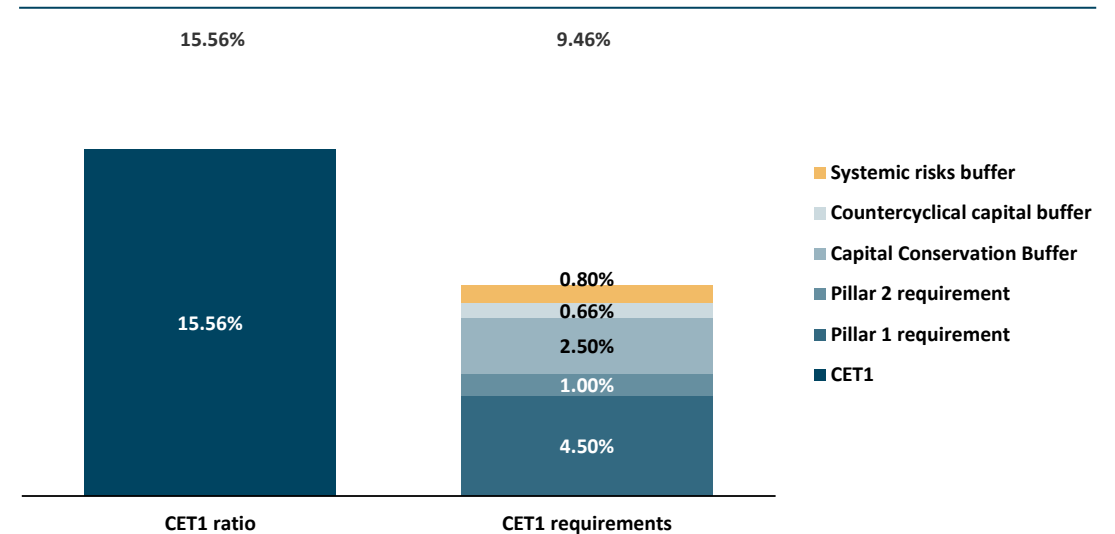
Münchener Hypothekbank comfortably exceeds the regulatory minimum CET1 requirements

- Münchener Hypothekbank's CET1 ratio of 15.56% as per 30/06/2024 is comfortably above the minimum SREP requirements (CET1) of 9.46%.
- Münchener Hypothekbank has not been identified as an Other Systemically Important Institution (O-SII) and hence is not required to meet an O-SII charge currently.
- ADI amount to EUR 514 m (31/12/2023).
- RWA add up to EUR 11,390 m (30/06/2024).

## Capitalisation 30/06/2024



## CET1 ratio 30/06/2024



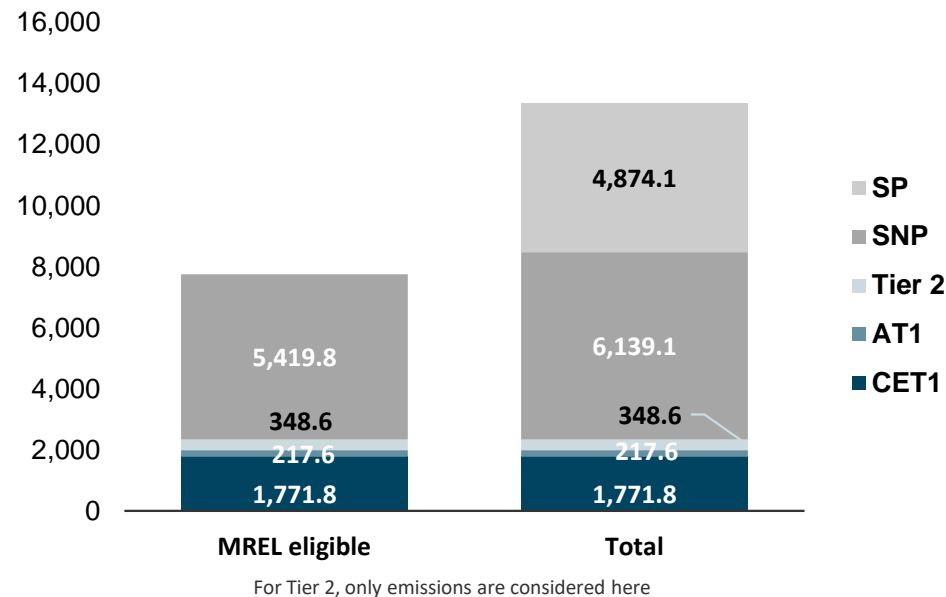


# MREL and liability structure

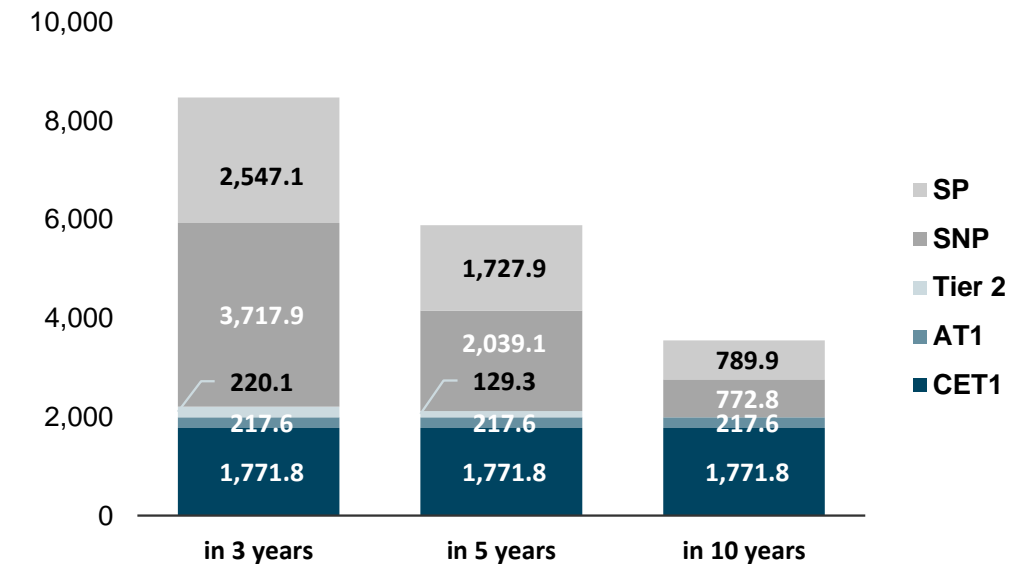
MREL requirements are fulfilled in the long term

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

## Structure of liabilities 30/06/2026 (EUR m)



## Development liabilities 30/06/2024 (EUR m)

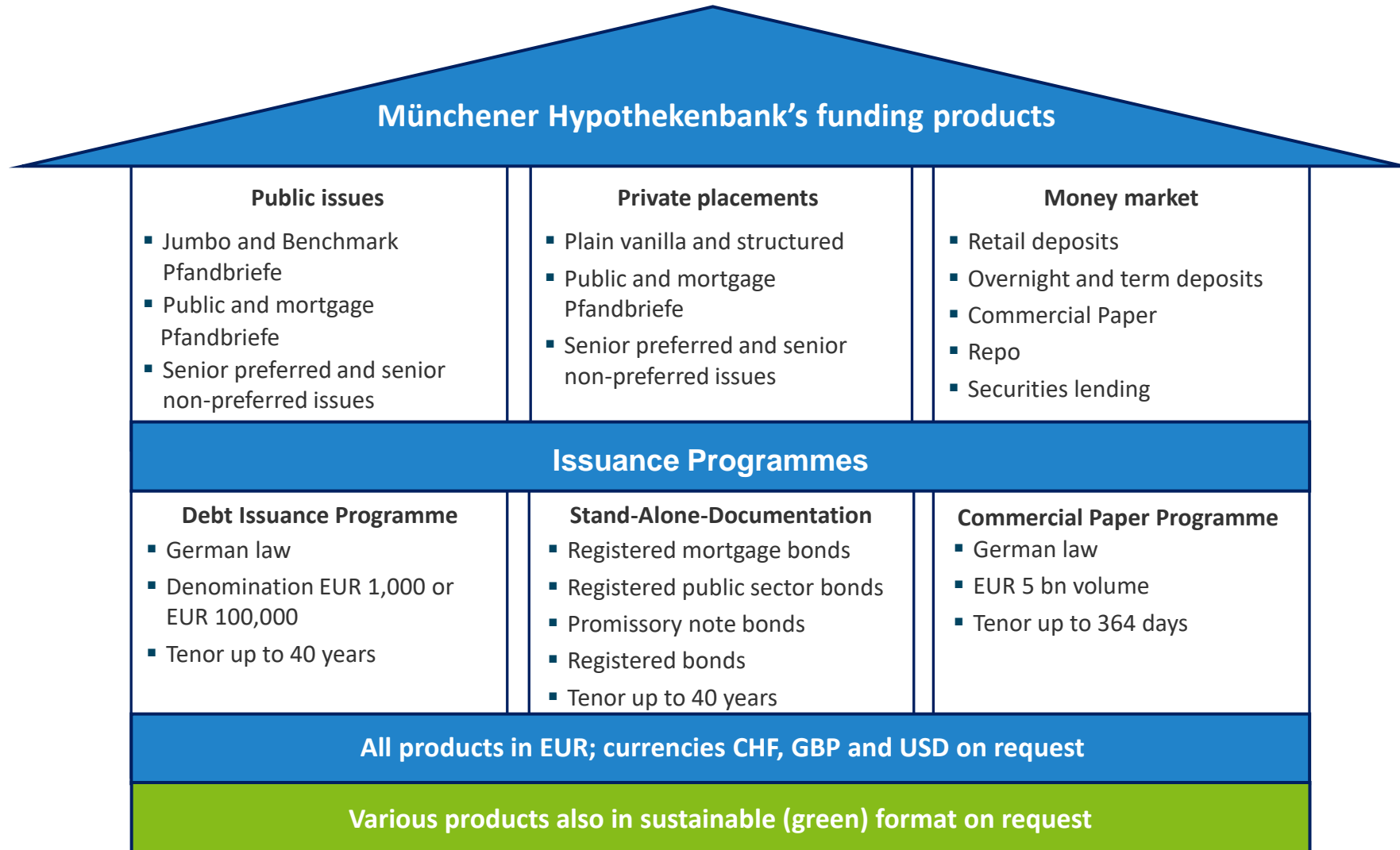




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# Funding

# Funding products



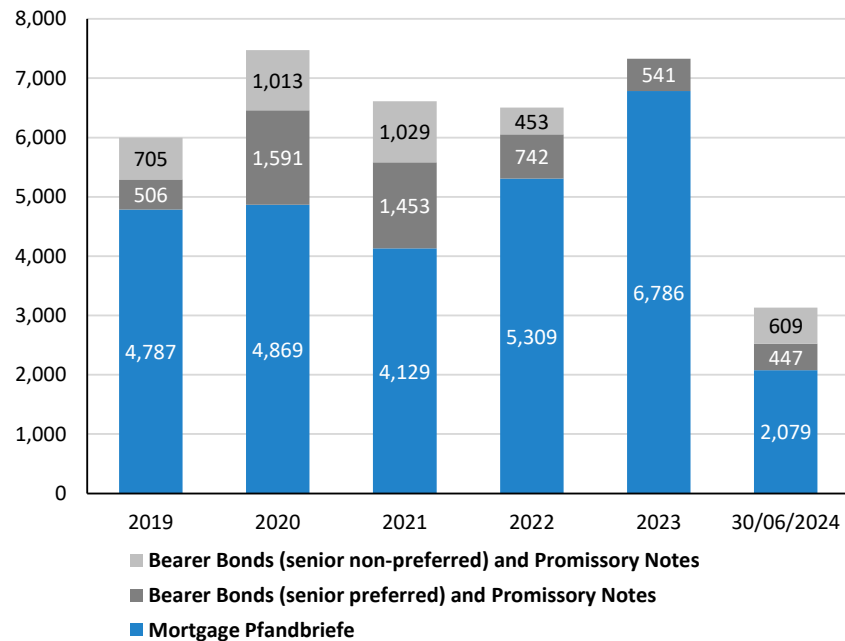


# Funding and maturity profile

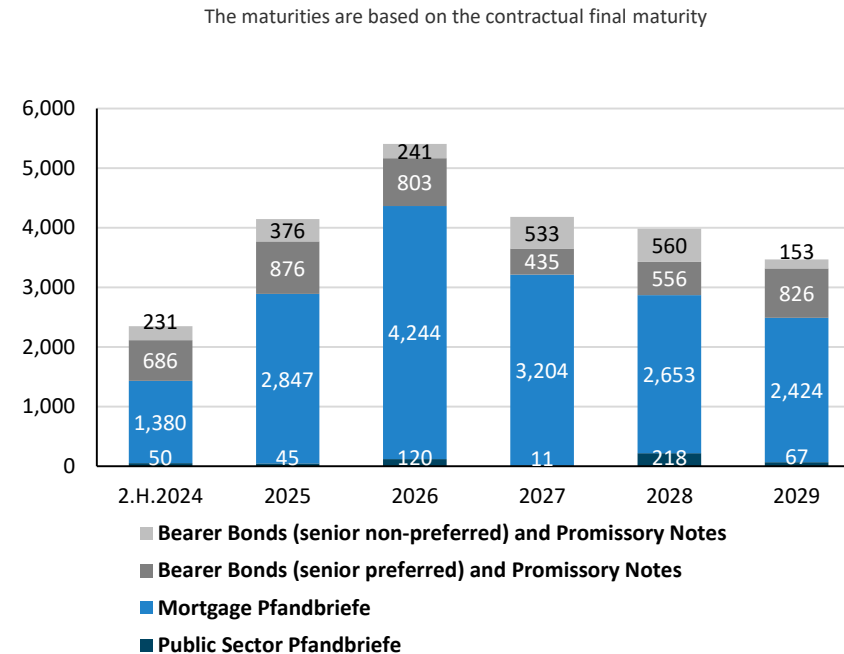
Münchener Hypothekbank has a comfortable funding and maturity profile

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

## Funding 30/06/2024 (EUR m)



## Maturity profile 30/06/2024 (EUR m)



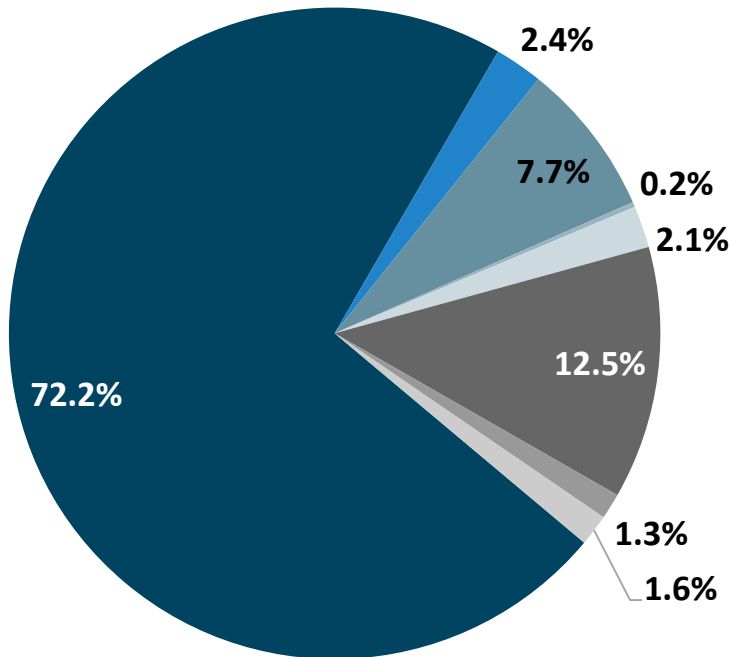




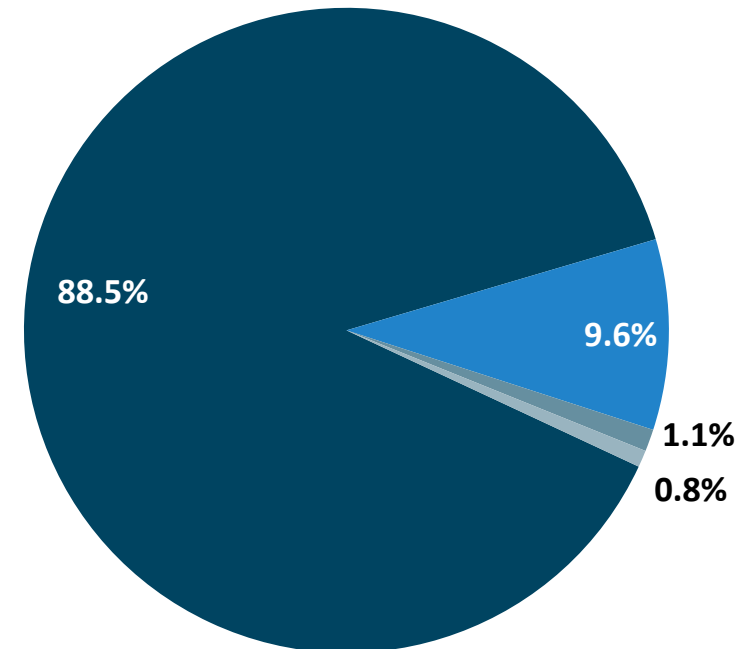
# Funding portfolio

Composition of Münchener Hypothekbank's refinancing portfolio 30/06/2024

Funding products



Currencies



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

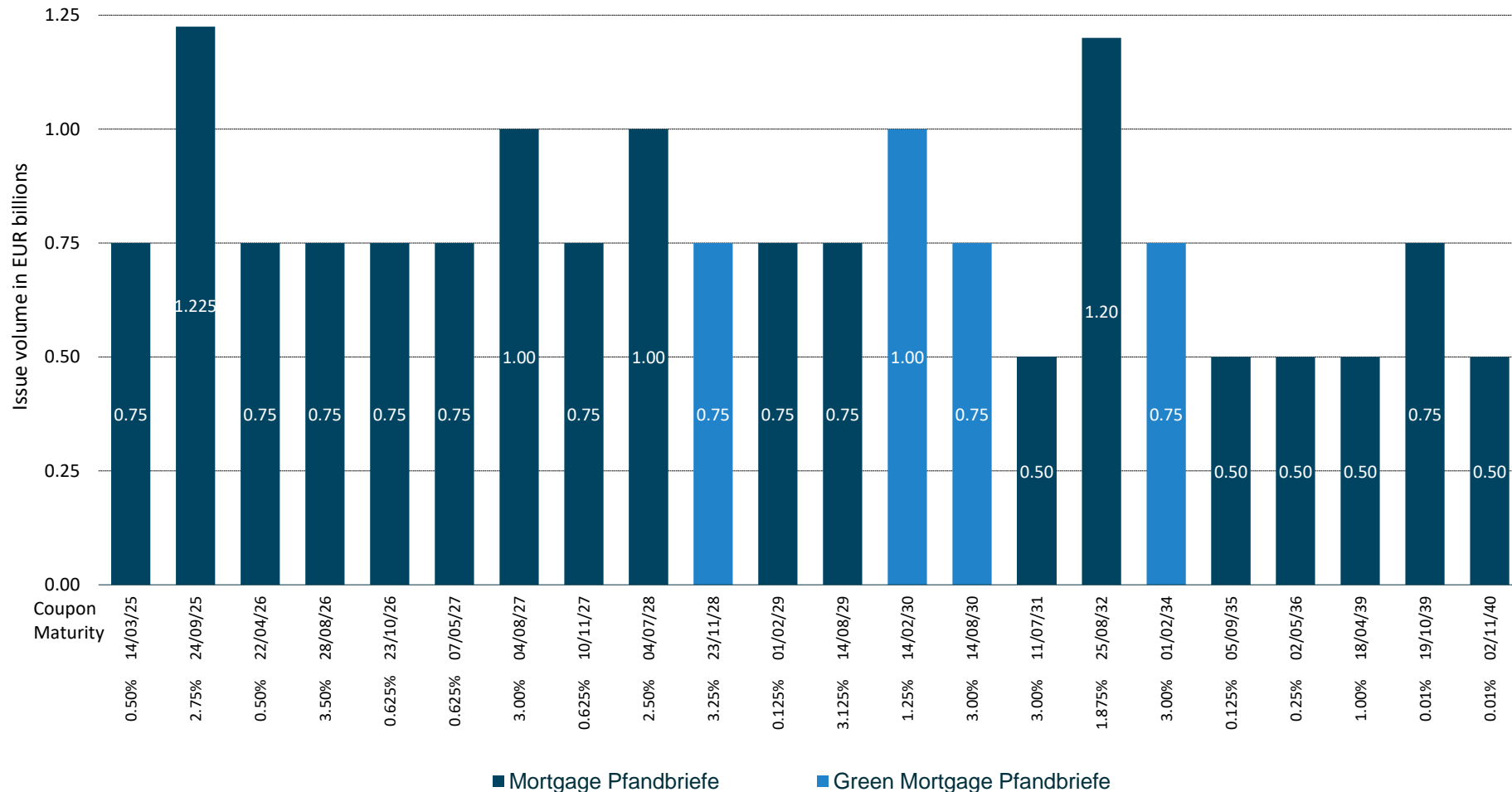
- EUR
- CHF
- USD
- GBP



# Münchener Hypothekbank's EUR benchmark Pfandbriefe

Frequent benchmark issuer

Total volume of outstanding EUR benchmark Pfandbriefe: EUR 16.925 bn (31/07/2024)



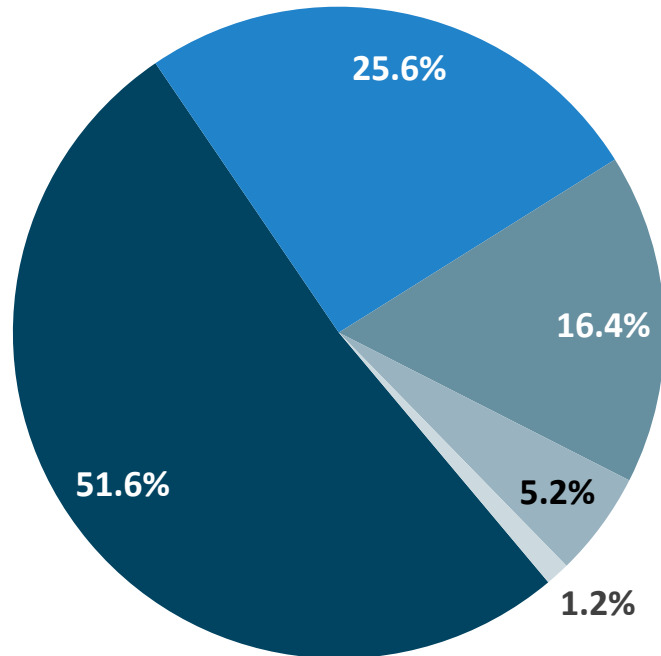


# Lately issued benchmark Pfandbriefe

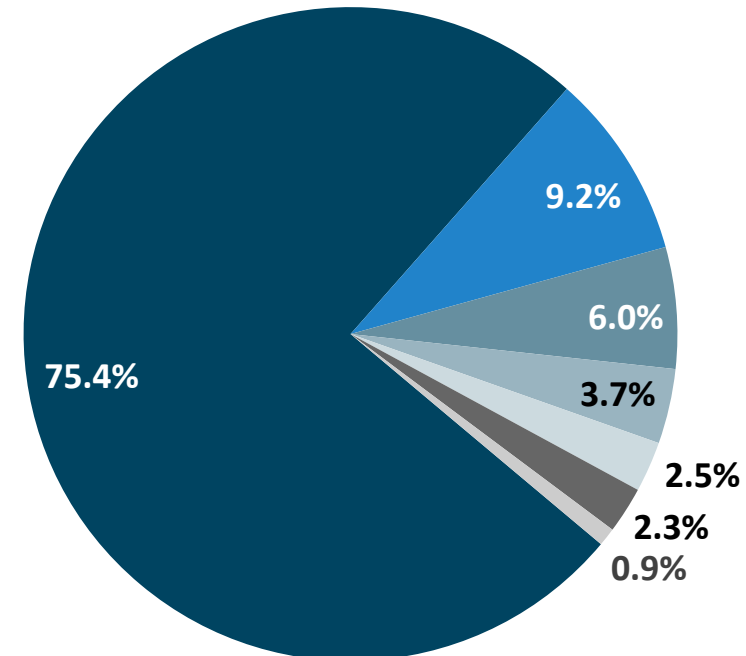
Issue July 2024: EUR 0.5bn, 7 years Mortgage Pfandbrief, MS + 24bp

- ISIN DE000MHB39J2, 11/07/2024 – 11/07/2031
- Orderbook at re-offer above EUR 1.3 bn
- 70 orders from 13 countries

Investor type



Geographic split



- Banks
- Central Banks & OI
- Others
- Asset Manager & Funds
- Insurances & Pension funds
- Germany
- Austria & Switzerland
- Southern Europe
- BeNeLux
- France
- Nordics
- UK & Ireland

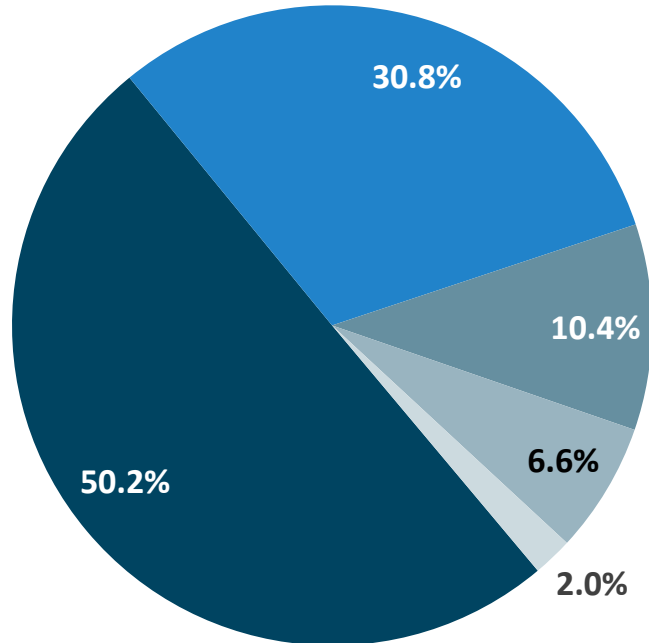


# Lately issued benchmark Pfandbriefe

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

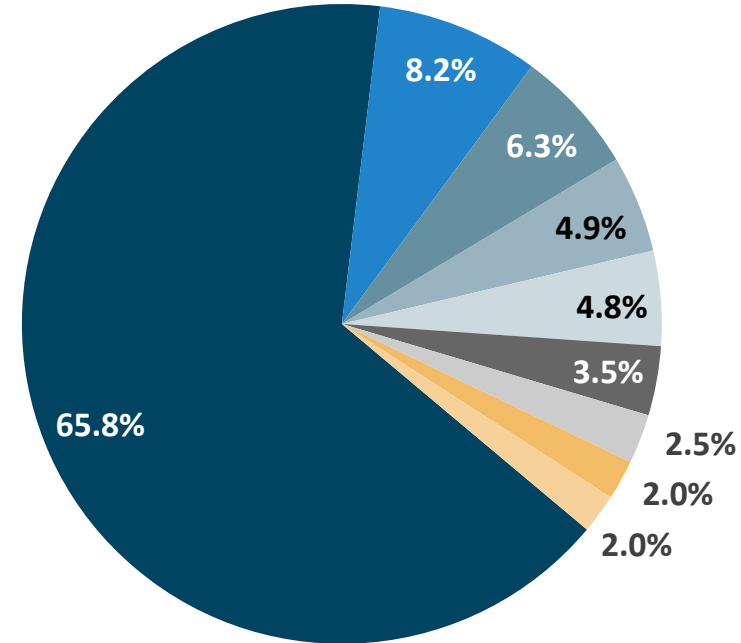
- ISIN DE000MHB38J4, 01/02/2024 – 01/02/2034
- Orderbook at re-offer above EUR 3.4 bn
- 123 orders from 17 countries

Investor type



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

Geographic split



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



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# Appendix



## Contact

### Münchener Hypothekenbank eG

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