

Münchener Hypothekenbank

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Author: Stefan Rahaus

Münchener Hypothekenbank eG (MünchenerHyp) is a credit institution specialising in financing residential and commercial real estate for private and commercial customers. The bank belongs to the Genossenschaftliche FinanzGruppe (cooperative FinanzGruppe), which consists of 737 Volksbanks- and Raiffeisen banks and other companies such as the central bank DZ BANK. MünchenerHyp is part of the statutory deposit guarantee system and the voluntary Institutional Protection Scheme of the National Association of German Cooperative Banks (BVR). The Bank's shareholders (approx. 62,350 members) are primary banks (70.5%) followed by private individuals (25.6%) and other financial group companies (3.9%). The bank employs about 630 people at twelve locations in Germany (FY/2022). 79% of the mortgage portfolio is attributable to Germany and 22% to other countries; the main focus of MünchenerHyp's funding source is on mortgage Pfandbriefe. On 01 June 2023, MünchenerHyp completed the acquisition of M. M. Warburg & CO Hypothekenbank AG (Total Assets FY/2022: EUR 1.8 bn). The sustainability strategy, which was further developed in 2022, aims to integrate sustainability into the core business and to offer asset and liability products that comply with the EU taxonomy. As early as September 2014, the Institute (sustainability rating C+ by ISS ESG, as of 02/2022 and 16.3 by Sustainalytics, as of 10/2022) issued the world's first Pfandbrief (EUR 300m), with cover assets which were composed according to environmental, social and political-social sustainability criteria. As of 31 March 2023, there were EUR 1.56bn of ESG Pfandbriefe outstanding.

Ratings

	Rating	Outlook
Fitch**	AA-	Stable
Moody's*	Aa3	Stable
S&P**	A+	Stable

* Long-term senior unsecured debt

** Rating of the Genossenschaftl. FinanzGruppe (long term)

Homepage

www.muenchenerhyp.de

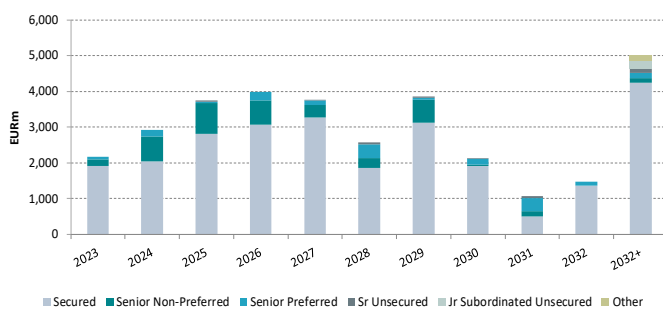
Balance Sheet

(EURm)	2020Y	2021Y	2022Y
Net Loans to Customers	40,265	43,046	45,436
Total Securities	5,804	6,861	4,968
Total Deposits	14,848	14,867	15,646
Tier 1 Common Capital	1,517	1,626	1,690
Total Assets	48,558	52,538	52,406
Total Risk-weighted Assets	7,350	7,975	8,916

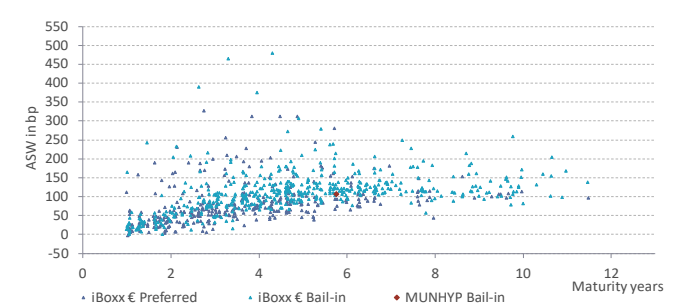
Income Statement

(EURm)	2020Y	2021Y	2022Y
Net Interest Income	348	403	432
Net Fee & Commission Inc.	-109	-130	-110
Net Trading Income	-	-	-
Operating Expense	135	139	151
Credit Commit. Impairment	11	27	45
Pre-tax Profit	75	113	132

Redemption Profile



Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2020Y	2021Y	2022Y	2020Y	2021Y	2022Y	
Net Interest Margin	0.77	0.80	0.83	Liquidity Coverage Ratio	563.43	349.00	399.33
ROAE	2.47	3.49	3.89	IFRS Tier 1 Leverage Ratio	-	-	-
Cost-to-Income	55.85	50.51	46.79	NPL/ Loans at Amortised Cost	0.52	0.52	0.50
Core Tier 1 Ratio	20.64	20.39	18.96	Reserves/Loans at Amort. Cost	0.11	0.13	0.22

As of: 07.06.2023; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Markets Strategy & Floor Research

Strengths / Opportunities

- Capitalisation
- Credit quality home market
- Support propability by FinanzGruppe

Risks / Weaknesses

- Dependency on capital market funding
- Cyclicity of commercial real estate market
- Profitability

Covered Bonds

Author: Stefan Rahaus

Münchener Hypothekbank second largest issuer of mortgage Pfandbriefe

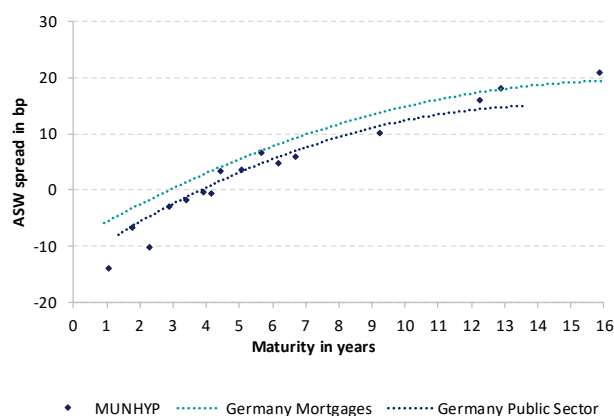
Based on the reports pursuant to §28 PfandBG as at the first quarter of 2023, Münchener Hypothekbank is the second largest issuer of mortgage Pfandbriefe in Germany with an outstanding covered bond volume of EUR 31.7bn. As of 31 March 2023, the issuer had a cover pool volume of EUR 34.8bn. The calculated overcollateralisation was thus 9.8%. In the June composition of the iBoxx EUR Covered, MünchenerHyp is listed with 18 EUR benchmarks with a total volume of EUR 13.9bn. Münchener Hypothekbank has already been active in the primary market for EUR benchmarks twice in 2023 (January: EUR 1.0 bn, 2.7y, ms -9bp; April: EUR 750 m, 6.3y, ms +6bp). MUNHYP's Green Pfandbriefe comply with the ICMA's Green Bond Principles and the vdp's Green Pfandbrief regulations.

Programme data

31 March 2023	Mortgage
Covered bonds outstanding	EUR 31,649m
Cover pool volume	EUR 34,743m
Current OC (nominal / regulatory)	9.8% / 2.0%
Type primary cover	82.3% Residential
Country	79.7% Germany
NPL	0.25%
Fixed interest (Cover Pool / CBs)	96.0% / 96.0%
WAL (Cover Pool / CBs)	8.5y / 9.0y
LTV (unindexed / indexed)	52.3% / -
CB Rating (Fitch / Moody's / S&P)	- /Aaa/ -

Source: Issuer, rating agencies, Bloomberg, NORD/LB Markets Strategy & Floor Research

Spread overview (BMK) – Germany



MünchenerHyp cover pool with majority residential primary cover

As at 31 March 2023, 97.8% of Münchener Hypothekbank's mortgage cover pool is composed of primary cover, 82.3% of which is residential and 17.7% of which is commercial. EUR 5.26bn (15.5%) of the primary cover is derived from multi-family financing. The commercial cover pool share consists of 65.1% assets in the office segment and of 31.2% by assets in the retail segment. Geographically, 79.7% of the real estate financing is located in Germany (85.0% in the EU), followed by Switzerland with 12.2% and the USA with 2.1%. The refinancing structure is almost identical: 85.9% of the covered bonds are denominated in EUR, 11.5% in CHF and 1.3% in USD. The maturities of the cover assets (0-5y: 41.2%; 5-10y: 29.6%; 10y+: 29.2%) are similarly congruent. 39.4% of the covered bonds have a remaining maturity of 0-5y as of the reporting date, 27.5% of 5-10y and 33.1% of ten years and longer. 63.5% of the loans have been outstanding for at least five years. The granularity of the cover pool is expressed by the low share of the ten largest exposures in the cover assets (2.0%) as well as the number of mortgage loans (202,581 to 178,174 borrowers).

Rating and regulation

Münchener Hypothekbank's mortgage Pfandbriefe are rated Aaa by the Moody's rating agency, the highest possible rating and also benefit from a preferred risk weighting of 10% in accordance with the CRR. The respective EUR benchmarks are, in our opinion, usable as Level 1 assets within the scope of LCR management. MünchenerHyp's covered bonds are also eligible for purchase in the context of the PEPP and the expiring CBPP3 and are suitable as collateral in the context of the ECB Collateral Framework.

Annex

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