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Münchener Hypothekbank eG (MünchenerHyp), founded as early as 1896, is one of the few mortgage banks operating in the legal form of a registered cooperative (around 64,200 members as of FY/2020). It has a broad ownership structure and is a member of the cooperative FinanzGruppe, one of the largest banking groups in Germany. As an independent real estate bank, the institute focuses on long-term real estate financings. Its core business areas include financing residential and commercial real estate (loan portfolio as of FY/2020: 80.6% residential; 19.4% commercial). As of 31 December 2020, the institution had around 214,000 individual loans with a volume of EUR 38.4bn. Around 79% of the loans were in Germany, followed by Switzerland with 12.3% and the rest of the world. MünchenerHyp's main source of refinancing are mortgage Pfandbriefe. The Bank can draw on unsecured funding within the cooperative FinanzGruppe. The bank benefits from the protection system of the Federal Association of German Cooperative Banks (deposit/institutional protection). As a significant credit institution, MünchenerHyp is subject to direct supervision by the ECB. The asset quality is indicated by a comparatively low NPL ratio (0.45%; FY/2020). The CET1 ratio was 20.64% as at 31 December 2020 and thus significantly exceeds the SREP requirement (7.86%). The LCR (563%) and NSFR (101.2%) liquidity ratios also met the regulatory minimum requirement in FY 2020, as did the leverage ratio (3.6%).

## Ratings

	Rating	Outlook
Fitch	AA-	Negative
Moody's	Aa3	Negative
S&P	-	-

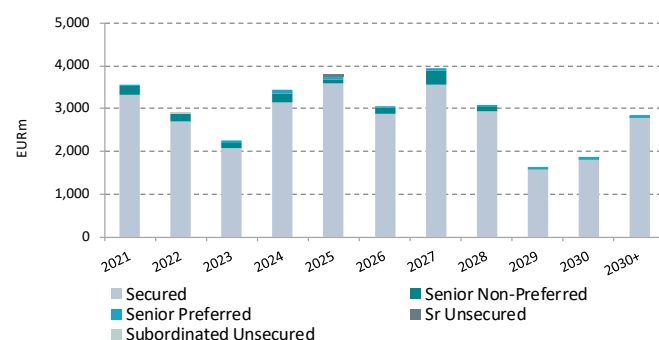
## Homepage

[www.muenchenerhyp.de](http://www.muenchenerhyp.de)

## Balance Sheet

(EURm)	2018Y	2019Y	2020Y
Net Loans to Customers	34,285	37,627	40,265
Total Securities	3,613	2,793	5,804
Total Deposits	15,238	15,725	14,848
Tier 1 Common Capital	1,370	1,407	1,517
Total Assets	40,391	42,872	48,558
Total Risk-weighted Assets	6,301	7,121	7,350

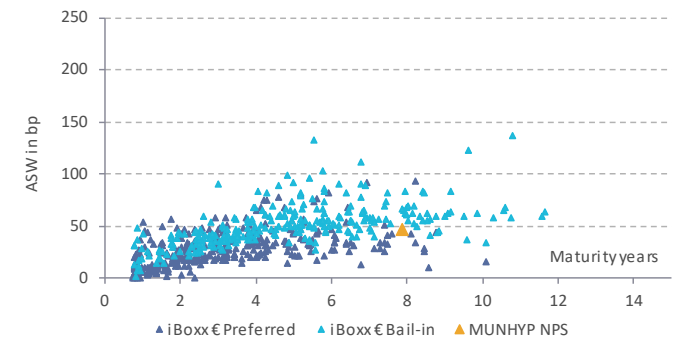
## Redemption Profile



## Income Statement

(EURm)	2018Y	2019Y	2020Y
Net Interest Income	280	300	348
Net Fee & Commission Income	-73	-95	-109
Net Trading Income	-	-	-
Operating Expense	122	137	135
Credit Commitments Impairment	13	-5	11
Pre-tax Profit	76	74	75

## Senior Unsecured Bonds



## Company Ratios

	2018Y	2019Y	2020Y	2018Y	2019Y	2020Y	
Net Interest Margin	0.71	0.73	0.77	Liquidity Coverage Ratio	765.50	480.40	563.40
ROAE	3.48	2.47	2.47	IFRS Tier 1 Leverage Ratio	-	-	-
Cost-to-Income	57.96	66.60	55.85	NPL/ Loans at Amortised Cost	0.34	0.55	-
Core Tier 1 Ratio	21.74	19.76	20.64	Reserves/NPLs	0.16	0.09	0.11

As of: 26.04.2021; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Markets Strategy & Floor Research

## Strengths / Opportunities

- Capitalisation
- Credit quality in the domestic market
- High likelihood of support from FinanzGruppe

## Risks / Weaknesses

- Cyclical nature of commercial property markets
- Leverage
- Dependency on wholesale funding

# Covered Bonds

Author: Henning Walten, CIIA

## Outstanding mortgage Pfandbriefe with a volume of around EUR 30bn

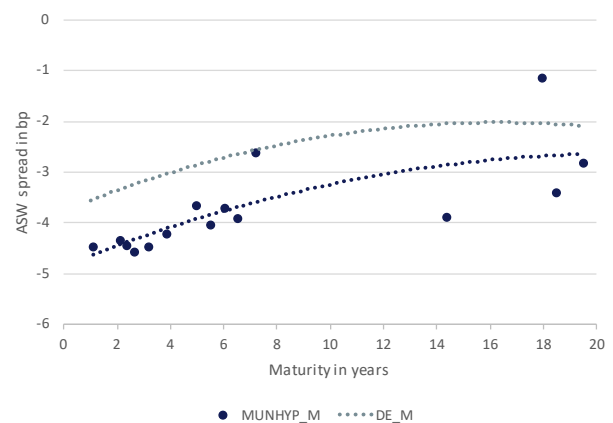
As at the reporting date of 31 December 2020, Münchener Hypothekenbank had a total of EUR 28.85bn in outstanding mortgage Pfandbriefe, which were matched by cover assets of EUR 30.11bn. In addition, the bank also has outstanding public sector Pfandbriefe, which, with EUR 1.95bn outstanding, are significantly lower than the mortgage Pfandbriefe. The Bank is also currently represented in the iBoxx EUR Covered with 15 EUR benchmarks in the form of mortgage Pfandbriefe with a total volume of EUR 10.13bn.

### Programme data

31 December 2020	Mortgage
Covered bonds outstanding	EUR 28.85bn
Cover pool volume	EUR 30.11bn
Current OC (nominal / legal)	4.4% / 2.0%
Type	80.7% Residential
Main country	80% Germany
Main region	19% Bavaria
Number of mortgage loans	191,335
Number of borrowers	167,808
Share of 10 largest exposures	2.4%
Fixed interest (Cover Pool / CBs)	96% / 86%
WAL (Cover Pool / CBs)	8.0y / 8.0y
CB Rating (Fitch / Moody's / S&P)	- / Aaa / -

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

### Spread overview (BMK) – Germany



### Cover pool with focus on residential loans

The cover pool used to collateralise Münchener Hypothekenbank's mortgage Pfandbriefe was mainly residential in character as at the reporting date of 31 December 2020. Thus, 80.7% of the cover assets are attributable to assets in the residential sector, which in turn is dominated by loans to finance detached and semi-detached houses. A further 17.3% of the cover assets are attributable to the commercial real estate sector, the majority of which includes financing for office properties. Substitute cover assets also accounted for 2.0%. Geographically, most assets are located in Germany (80.0%), followed by Switzerland (12.4%), the US (1.7%) and the Netherlands (1.6%). Within Germany, the two southernmost federal states of Bavaria and Baden-Württemberg as well as North Rhine-Westphalia account for the largest shares. With 191,335 loans against 167,808 borrowers, the pool can be considered as granular. While the average loan volume in the residential segment is EUR 129,000, it is EUR 1.72m in the commercial sector. The share of owner-occupied housing is 64%.

### Rating and regulatory treatment

The mortgage Pfandbriefe of Münchener Hypothekenbank are rated Aaa by Moody's. In our opinion, this makes the corresponding benchmark bonds suitable as Level 1 assets within the scope of LCR management. In addition, all mortgage-backed covered bonds benefit from a preferred risk weight of 10% according to CRR. Furthermore, the covered bonds can be purchased by the Eurosystem under both CBPP3 and PEPP. Furthermore, they can be used as eligible collateral in the context of ECB collateral management.

# Appendix

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### Markets Strategy & Floor Research



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