

Münchener Hypothekenbank

Issuer View • 23. Januar 2024

Authors: Dr Frederik Kunze // Lukas Kühne

Ratings

	Rating	Outlook
Fitch*	AA-	Stable
Moody's	Baa2	Positive
S&P*	A+	Stable
* Verbundrating		

Homepage

www.muenchenerhyp.de

Münchener Hypothekenbank eG (MünchenerHyp) is a credit institution specialising in the financing of residential and commercial property. It is also part of the Cooperative Financial Network, which consists of over 730 banks and other affiliated companies. MünchenerHyp is therefore a member of the deposit protection scheme and the voluntary bank-related protection scheme. 70.3% of the Bank's shareholders are Volksbanken and Raiffeisenbanken. The bank employed around 640 people in Germany (30 September 2023) and had around 60,000 members. Its core business areas are the granting of mortgage loans for residential and commercial property and the issue of mortgage Pfandbriefe. 80% of the mortgage portfolio was attributable to Germany (September 2023) and 20% to other countries, including Switzerland with 11% and other countries with 9%. Within Germany, the majority was attributable to the federal states of Bavaria, Baden-Württemberg, Hesse and North Rhine-Westphalia. At the end of 2022, the bank signed an agreement to acquire M.M.Warburg & CO Hypothekenbank AG. The acquisition was completed as planned on 1 June 2023 with retroactive effect from 1 January 2023. The focus of refinancing is on mortgage Pfandbriefe and unsecured bonds in EUR and CHF. The bank also refinances itself via the money market and customer deposits. It also offers its customers green loans for energy-efficient residential and commercial property. Based on its Green Bond Framework, MünchenerHyp is also a regular issuer of green bonds in various asset classes.

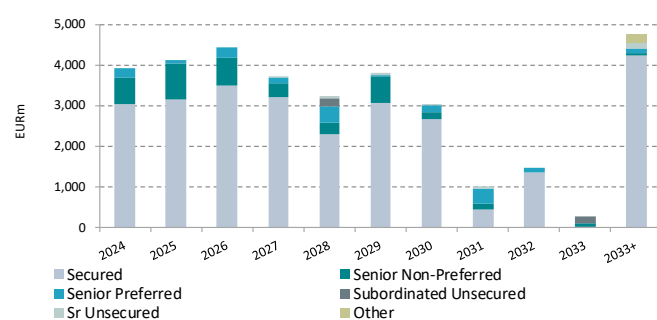
Balance Sheet

(EURm)	2021Y	2022Y	2023/9M
Net Loans to Customers	43,046	45,436	47,519
Total Securities	6,861	4,968	-
Total Deposits	14,867	15,646	17,662
Tier 1 Common Capital	1,626	1,690	1,714
Total Assets	52,538	52,406	54,341
Total Risk-weighted Assets	7,975	8,916	10,714

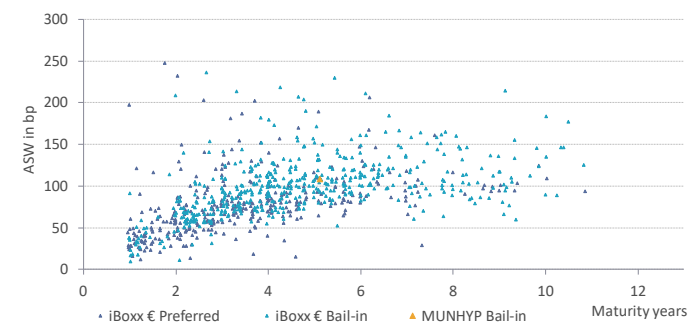
Income Statement

(EURm)	2021Y	2022Y	2023/9M
Net Interest Income	403	432	376
Net Fee & Commission Inc.	-130	-110	-50
Net Trading Income	-	-	-
Operating Expense	139	151	126
Credit Commit. Impairment	27	45	90
Pre-tax Profit	113	132	130

Redemption Profile



Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2021Y	2022Y	2023/9M		2021Y	2022Y	2023/9M
Net Interest Margin	0.80	0.83	-	Liquidity Coverage Ratio	1,1038.5	401.60	884.30
ROAE	3.49	3.89	5.87	IFRS Tier 1 Leverage Ratio	-	-	-
Cost-to-Income	50.51	46.79	38.74	NPL/ Loans at Amortised Cost	0.52	0.50	-
Core Tier 1 Ratio	20.39	18.96	16.00	Reserves/Loans at Amort. Cost	0.13	0.22	-

As of 23.01.2024; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research

Strengths / Opportunities

- Capitalization
- Asset quality & Asset liability profile
- Likelihood of support from FinanzGruppe

Risks / Weaknesses

- Concentration risks from ABF business
- Profitability
- Dependency on wholesale funding

Covered Bonds

Authors: Dr Frederik Kunze // Lukas Kühne

Outstanding mortgage Pfandbriefe with a volume of EUR 34bn

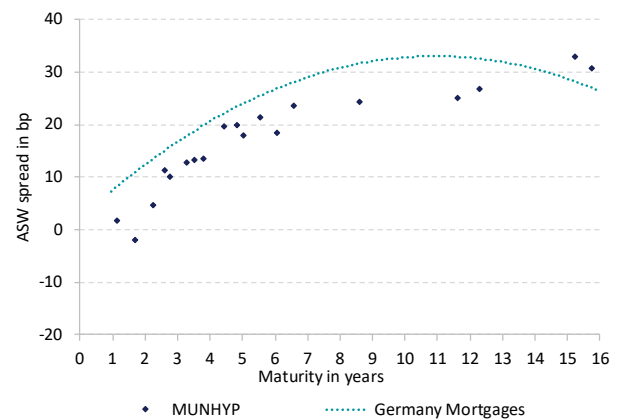
As at the last reporting date of 30 September 2023, MünchenerHyp had an outstanding Mortgage Pfandbrief volume of EUR 33.76bn. This was offset by cover assets of EUR 36.99bn, which resulted in an over-collateralisation ratio of 9.56%. This is well above the statutory minimum requirement. MünchenerHyp is represented in the January composition of the iBoxx EUR Covered benchmark index with a total of 20 issues totalling a volume of EUR 15.18bn. Of the 20 issues, three covered bonds were placed in green format (total volume: EUR 2.25bn). The bank was last active on the market in November 2023 with a Green Pfandbrief with a volume of EUR 500m.

Programme data

30 September 2023	Mortgage
Covered bonds outstanding	EUR 33,757m
Cover pool volume	EUR 36,985m
Current OC (nominal / legal)	9.56% / 2.0%
Type	80.3% Residential
Main country	80.3% Germany
Number of loans	201.115 (Residential) / 3,204 (CRE)
Average loan size	EUR 143,973 (Residential) / EUR 2,218,321 (CRE)
Share 10 largest exposures	1.85%
NPL	0.49%
Fixed interest (Cover Pool / CBs)	95.4% / 96.7%
WAL (Cover Pool / CBs)	8.4y / 9.0y
CB Rating (Fitch / Moody's / S&P)	- / Aaa / -

Quelle: Emittent, Ratingagenturen, Bloomberg, NORD/LB Floor Research

Spread overview (BMK) – Germany



MünchenerHyp's cover pool with a majority of residential property primary cover

As at 30 September 2023, 97.5% of the mortgage cover pool consisted of primary cover, of which 80.3% was residential and 19.7% commercial. EUR 5.57bn of the primary cover is also allocated to the "Housing cooperatives/multi-family assets" category. 65.2% of the commercial cover pool is made up of assets in the office segment and 31.2% in the retail segment. In geographical terms, 85.5% of property financing is located in the EU (Germany: 80.3%; Netherlands: 2.0%). This is followed by Switzerland with 11.9% and the USA with 1.9%. The granularity of the cover pool is reflected in the low share of the ten largest exposures in the cover assets (1.85%) and the number of mortgage loans (204,319) and borrowers (179,554). The cover pool is dominated by longer-term property financing. At 65.6%, loans with a previous term of at least five years account for the largest share of the pool. The average weighted loan-to-value ratio is 52.5%.

Rating und regulation

Münchener Hypothekenbank's Mortgage Pfandbriefe are rated Aaa by the rating agency Moody's and also benefit from a preferred risk weighting of 10% in accordance with the CRR. Moody's also reports a collateral score of 8.4%. In our opinion, the respective EUR benchmarks can be used as Level 1 assets in the context of LCR management. MünchenerHyp's covered bonds are suitable as collateral within the framework of the ECB Collateral Framework. The issuer's newly issued Pfandbriefe can also be marketed under the "European Covered Bond (Premium)" label.

Appendix

Contacts at NORD/LB

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Origination Corporates	+49 511 361-2911

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Governments	+49 511 9818-9660
Länder/Regionen	+49 511 9818-9660
Frequent Issuers	+49 511 9818-9640

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Relationship Management

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