



MünchenerHyp

Münchener Hypothekbank eG
Munich, Federal Republic of Germany

CHF 75,000,000 Undated Non-Cumulative Fixed to Reset Rate Additional Tier 1 Notes of 2022

Münchener Hypothekbank eG, Munich, Federal Republic of Germany ("**MünchenerHyp**", the "**Bank**" or the "**Issuer**") will issue on 2 June 2022 (the "**Issue Date**") CHF 75,000,000 undated non-cumulative fixed to reset rate additional tier 1 notes (the "**Capital Notes**") in bearer form with a denomination of CHF 50,000 each and at an issue price of 100 per cent. of their principal amount (the "**Issue Price**"). The Capital Notes will be governed by the laws of the Federal Republic of Germany.

The Capital Notes will bear interest on their aggregate principal amount at the applicable Rate of Interest (as defined in the terms and conditions of the Capital Notes set out in the section "TERMS AND CONDITIONS OF THE CAPITAL NOTES" beginning on page 42 of this Prospectus (the "**Terms and Conditions**") from (but excluding) 2 June 2022 (the "**Interest Commencement Date**") to (and including) the day on which the Capital Notes are due for redemption. The applicable Rate of Interest for the period from (but excluding) the Interest Commencement Date to (and including) 2 December 2027 (the "**First Reset Date**") will be a fixed rate of 5.750 per cent. *per annum*; thereafter, the applicable Rate of Interest will be reset at five year intervals on the basis of the then prevailing five year CHF mid-market swap rate (as further specified in the Terms and Conditions) plus a margin of 4.945 per cent. *per annum*. Interest is payable annually in arrear on 2 June of each year (each an "**Interest Payment Date**"), commencing on 2 June 2023. Payments of interest (each an "**Interest Payment**") are subject to cancellation, in whole or in part, and, if cancelled, are non-cumulative and Interest Payments in following years will not increase to compensate for any shortfall in Interest Payments in any previous year.

The Capital Notes do not have a maturity date. The Capital Notes are redeemable by the Issuer at its discretion on any business day falling in the period from (and including) 2 June 2027 (the first date on which the Capital Notes may be redeemed at the option of the Issuer other than for tax or regulatory reasons and hereinafter referred to as the "**First Redemption Date**") to (and including) the First Reset Date and on each Interest Payment Date thereafter or in other limited circumstances and, in each case, subject to limitations and conditions as described in the Terms and Conditions. The principal amount of the Capital Notes may be reduced upon the occurrence of a Trigger Event (as defined and further described in the Terms and Conditions).

Investing in the Capital Notes involves certain risks. Please review the section RISK FACTORS beginning on page 9 of this Prospectus.

Application has been made to list the Capital Notes on the Official List of the Luxembourg Stock Exchange and to admit the Capital Notes to trading on the professional segment of the regulated market "*Bourse de Luxembourg*" of the Luxembourg Stock Exchange, which is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as amended ("**MiFID II**"). Further, application will be made for admission to trading and listing of the Capital Notes on SIX Swiss Exchange Ltd.

This prospectus (the "**Prospectus**") constitutes a prospectus within the meaning of Article 6 (3) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended ("**Prospectus Regulation**"). This Prospectus will be published in electronic form together with all documents incorporated by reference on the website of the Luxembourg Stock Exchange (www.bourse.lu).

This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier*, Luxembourg ("**CSSF**") in its capacity as competent authority under the Prospectus Regulation. The

CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should neither be considered as an endorsement of the Issuer that is subject of this Prospectus nor of the quality of the securities that are the subject of this Prospectus. By approving this Prospectus, the CSSF gives no undertaking as to the economic and financial soundness of the transaction or the quality or solvency of the Issuer in line with the provisions of Article 6 (4) of the Luxembourg law on prospectuses for securities. Investors should make their own assessment as to the suitability of investing in the Capital Notes.

This Prospectus will be valid until 31 May 2023 and may in this period be used for admission of the Capital Notes to trading on a regulated market. In case of a significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the Capital Notes, the Issuer will prepare and publish a supplement to the Prospectus without undue delay in accordance with Article 23 of the Prospectus Regulation. The obligation of the Issuer to supplement this Prospectus will cease to apply once the Capital Notes have been admitted to trading on the regulated market of the Luxembourg Stock Exchange and at the latest upon expiry of the validity period of this Prospectus.

THE CAPITAL NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND MAY BE OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES OF AMERICA TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATIONS UNDER THE SECURITIES ACT.

The Capital Notes have been assigned the following securities codes: ISIN CH1184694771, Common Code 248555173, WKN MHB65X and Swiss Security Number 118469477.

**Joint Lead Manager and
Structuring Advisor**

Credit Suisse

**Joint Lead Manager and
Structuring Advisor**

DZ BANK AG

Joint Lead Manager

UBS Investment Bank

Co-Manager

Zürcher Kantonalbank

The date of this Prospectus is 31 May 2022.

RESPONSIBILITY STATEMENT

MünchenerHyp with its registered office in Munich, Federal Republic of Germany, is solely responsible for the information given in this Prospectus. The Issuer hereby declares that, having taken and taking all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains and will contain no omission likely to affect its import.

IMPORTANT NOTICE

Restrictions on marketing and sales to retail investors

The Capital Notes issued pursuant to this Prospectus are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Capital Notes to retail investors.

In particular, in June 2015, the U.K. Financial Conduct Authority (the "**FCA**") published the Product Intervention ("**Contingent Convertible Instruments and Mutual Society Shares**") Instrument 2015 (the "**PI Instrument**"). In addition, (i) on 1 January 2018, the provisions of Regulation (EU) No. 1286/2014 on key information documents for packaged retail and insurance-based investment products, as amended ("**PRIIPs Regulation**") became directly applicable in all EEA member states and (ii) MiFID II was required to be implemented in EEA member states by 3 January 2018. Together the PI Instrument, the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), MiFID II, the PRIIPs Regulation, Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"), Regulation (EU) No 2017/565 as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 ("**UK Delegated Regulation**"), and Regulation (EU) No 1286/2014 as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK PRIIPs Regulation**") are referred to as the "**Regulations**".

The Regulations set out various obligations in relation to (i) the manufacture and distribution of financial instruments and the (ii) offering, sale and distribution of packaged retail and insurance-based investment products and certain contingent write-down or convertible securities such as the Capital Notes.

Potential investors in the Capital Notes should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Capital Notes (or any beneficial interests therein) including the Regulations.

The Managers (as defined in the section "SUBSCRIPTION AND SALE" of this Prospectus) are required to comply with some or all of the Regulations. By purchasing, or making or accepting an offer to purchase any Capital Notes (or a beneficial interest in the Capital Notes) from the Issuer and/or the Managers each prospective investor (other than investors in Switzerland, to whom the Capital Notes may be offered under a separate Swiss prospectus which, however, will not be a prospectus within the meaning of the Prospectus Regulation and which will not be approved by the CSSF) represents, warrants, agrees with and undertakes to the Issuer and each of the Managers that:

1. (A) it is not a retail client (as defined in MiFID II, UK Delegated Regulation or COBS); and
(B) it is not a customer within the meaning of Directive (EU) 2016/97 (Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II;
2. whether or not it is subject to the Regulations it will not:
 - (A) sell or offer the Capital Notes (or any beneficial interest therein) to retail clients (as defined in MiFID II, UK Delegated Regulation or COBS); or
 - (B) communicate (including the distribution of the Prospectus) or approve an invitation or

inducement to participate in, acquire or underwrite the Capital Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client (in each case within the meaning of the Regulations);

and in selling or offering the Capital Notes or making or approving communications relating to the Capital Notes it may not rely on the limited exemptions set out in COBS; and

3. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or the UK) relating to the promotion, offering, distribution and/or sale of the Capital Notes (or any beneficial interests therein), including (without limitation) MiFID II, UK Delegated Regulation or the UK FCA Handbook and any other applicable laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Capital Notes (or any beneficial interests therein) by investors in any relevant jurisdiction.

Each prospective investor further acknowledges that:

(i) the identified target market for the Capital Notes (for the purposes of the product governance obligations in MiFID II) is eligible counterparties and professional clients only, each having substantial knowledge and/or experience with financial products, a long term investment horizon, asset accumulation as investment objective, the ability to bear losses up to total loss of invested capital, and a risk tolerance and compatibility of the risk/reward profile of the product with the target market that corresponds to 6 as summary risk indicator (SRI) (calculated on the basis of the PRIIPs methodology); and

(ii) no key information document (KID) under PRIIPs has been prepared and therefore offering or selling the Capital Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation; and

(iii) no key information document (KID) under the UK PRIIPs Regulation has been prepared and therefore offering or selling the Capital Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Capital Notes (or any beneficial interests therein) from the Issuer and/or the Managers the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET: PROFESSIONAL INVESTORS AND ECPS ONLY – Solely for the purposes of each manufacturers' product approval process in accordance with MiFID II, the target market assessment in respect of the Capital Notes has led to the conclusion that (i) the target market for the Capital Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Capital Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Capital Notes (a "**Distributor**") should take into consideration the manufacturers' target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Capital Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PRIIPS REGULATION / PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Capital Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Capital Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Capital Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPS REGULATION / PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Capital Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of the UK Delegated Regulation; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2 (1) of UK MiFIR. Consequently, no key information document required by the UK PRIIPs Regulation for offering or selling the Capital Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Capital Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

NOTICE

This Prospectus should be read and understood in conjunction with any supplement to this Prospectus and with any other document incorporated herein by reference.

This Prospectus reflects the status as of its date. The offering, sale and delivery of the Capital Notes and the distribution of this Prospectus may not be taken as an implication that the information contained herein is accurate and complete subsequent to the date hereof or that there has been no adverse change in the financial condition of the Issuer since the date hereof.

No person has been authorised to give any information which is not contained in, or not consistent with, this Prospectus and, if given or made, such information must not be relied upon as having been authorised by the Issuer, the Managers (as defined in the section "SUBSCRIPTION AND SALE" of this Prospectus) or any of them.

Neither the Managers nor any other person mentioned in this Prospectus, excluding the Issuer, is responsible for the information contained in this Prospectus or any supplement to this Prospectus or any other document incorporated herein or therein by reference, and, accordingly and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents.

Each investor contemplating purchasing any Capital Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. This Prospectus does not constitute an offer of Capital Notes or an invitation by or on behalf of the Issuer or the Managers to any person to subscribe for or to purchase any Capital Notes. Neither this Prospectus nor any other information supplied in connection with the Capital Notes should be considered as a recommendation by the Issuer or the Managers to a recipient hereof and thereof that such recipient should purchase any Capital Notes.

This Prospectus and any supplement to this Prospectus may only be used for the purpose for which they have been published. In particular, this Prospectus and any supplement to this Prospectus may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

The distribution of this Prospectus and the offering, sale and delivery of the Capital Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a description of restrictions applicable in the United States of America, the Member States of the European Economic Area in general, the United Kingdom of Great Britain and Northern Ireland and Italy, see "Selling Restrictions" in the section "SUBSCRIPTION AND SALE" of this Prospectus. In particular, the Capital Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, and are subject to tax law requirements of the United States of America. Subject to certain exceptions, Capital Notes may not be offered, sold or delivered within the United States of America or to U.S. persons.

The language of this Prospectus is English. Any part of this Prospectus in the German language constitutes a translation. In respect of the Terms and Conditions set out in this Prospectus, the German text is controlling and binding. The Issuer confirms that the non-binding English text of the Terms and Conditions correctly and adequately reflects the binding German language version of the Terms and Conditions.

For the avoidance of doubt the content of any website referred to in this Prospectus does not form part of this Prospectus and the information on such websites has not been scrutinised or approved by the CSSF as competent authority under the Prospectus Regulation.

In this Prospectus all references to "**CHF**" are references to Swiss francs and all references to "**€**", "**EUR**" or "**Euro**" are to the currency introduced at the start of the third stage of the European Economic and Monetary Union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the Euro, as amended.

**BENCHMARK REGULATION:
STATEMENT ON REGISTRATION OF BENCHMARK ADMINISTRATOR**

Following the First Reset Date, interest amounts payable on the Capital Notes are expected to be calculated by reference to the then prevailing five year CHF mid-market swap rate with a floating leg based on SARON (Swiss Average Rate Overnight) (as further specified in the Terms and Conditions). As at the date of this Prospectus, SIX Index AG (the administrator of SARON) is included in the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of Regulation (EU) 2016/1011 ("**Benchmark Regulation**").

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. Forward-looking statements are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements may be identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding MünchenerHyp's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements in this Prospectus are based on current estimates and assumptions that the Issuer makes to the best of its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including MünchenerHyp's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. MünchenerHyp's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Prospectus to become inaccurate. Accordingly, investors are strongly advised to read the following sections of this Prospectus: "RISK FACTORS – *Risk factors specific and material to the Issuer*" and "GENERAL INFORMATION ABOUT THE ISSUER". These sections include more detailed descriptions of factors that might have an impact on MünchenerHyp's business and the markets in which it operates.

In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur. In addition, neither the Issuer nor the Managers assume any obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.

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SUMMARY OF THE PROSPECTUS

Section 1 – Introduction, containing warnings

This Prospectus relates to the CHF 75,000,000 5.750 per cent. Undated Non-Cumulative Fixed to Reset Rate Additional Tier 1 Notes of 2022, ISIN (*International Securities Identification Number*) CH1184694771 (the "**Capital Notes**"), of Münchener Hypothekenbank eG ("**MünchenerHyp**" or the "**Issuer**"), Karl-Scharnagl-Ring 10, 80539 Munich, Federal Republic of Germany / Telephone: +49 (89) 5387-0 / Fax: +49 (89) 5387-770 / Email: info@muenchenerhyp.de, LEI (*Legal Entity Identifier*): 529900GM944JT8YIRL63.

This Prospectus was approved on 31 May 2022 by the *Commission de Surveillance du Secteur Financier* ("**CSSF**"), 283, route d'Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg / Telephone: (+352) 26251-1 (switchboard) / Fax: (+352) 26251-2601 / Email: direction@cssf.lu.

It should be noted that

- this Summary should be read as an introduction to this Prospectus and any decision to invest in the Capital Notes should be based on consideration of the Prospectus as a whole by the investor;
- the investor can lose the entire or a substantial part of the capital invested in the Capital Notes;
- where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and
- civil liability attaches to the Issuer, who has tabled this Summary including any translation thereof, but only where this Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Capital Notes.

Section 2 – Key Information on the Issuer

2.1 Who is the Issuer of the Capital Notes?

The legal and commercial name of the Issuer is Münchener Hypothekenbank eG. The Issuer's domicile is Karl-Scharnagl-Ring 10, 80539 Munich, Federal Republic of Germany and it is incorporated in the Federal Republic of Germany as a registered cooperative (*eingetragene Genossenschaft*) governed by German law and mainly operates under German law. The Issuer's LEI (*Legal Entity Identifier*) is: 529900GM944JT8YIRL63.

Principal Activities of the Issuer: MünchenerHyp is the partner for the German cooperative banks (Volksbanken and Raiffeisenbanken) for providing the full spectrum of residential and commercial property financing requirements. MünchenerHyp's two core areas of business are private and commercial property finance. MünchenerHyp is focused primarily on the German market.

Ownership Structure (as at 31 March 2022):

- Cooperative banks and cooperative central bank: 71 per cent;
- Other companies of the cooperative financial network: 4 per cent;
- customers and other members: 25 per cent.

None of the members holds more than 1.5 per cent of the participation shares in MünchenerHyp. Therefore, none of the members directly or indirectly owns the majority of the participation shares in MünchenerHyp or otherwise controls MünchenerHyp.

Identity of the Key Managing Directors: As at the date of approval of the Prospectus, the Board of Management consists of Dr. Louis Hagen (Chairman), Dr. Holger Horn, Ulrich Scheer and Markus Wirsén.

Identity of the Statutory Auditors: DGRV-Deutscher Genossenschafts- und Raiffeisenverband e.V., Linkstraße 12, 10785 Berlin, Federal Republic of Germany.

2.2 What is the key financial information regarding the Issuer?

The audited annual financial statements of MünchenerHyp as at 31 December 2021 and as at 31 December 2020 were prepared in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch* – "**HGB**").

INCOME STATEMENT	1 Jan to 31 Dec 2021	1 Jan to 31 Dec 2020
(in EUR mln)	(audited)	(audited)
Net interest income (Net interest income comprises the aggregate of "Interest income", "Current income" and "Income from profit-pooling, profit transfer or partial profit transfer agreements" less "Interest expenses", as reported in the HGB income statement.)	402.6	347.8
Net fee and commission income (Net fee and commission income is the balance of the amounts of "Commission received" and "Commission paid", as reported in the HGB income statement.)	-130.2	-109.5
Net impairment loss on financial assets (Net impairment loss on financial assets corresponds to the HGB income statement items "Write-downs on and adjustments to claims and certain securities and additions to provisions for possible loan losses", "Income from reversals of write-downs to claims and certain securities, as well as from reversals of provisions for possible loan losses" and "Income from reversals of write-downs on participating interests, shares in affiliated companies and securities treated as fixed assets".)	-23.5	-11.0
Net trading income (No trading book activities.)	-	-
Operating profit (Operating profit corresponds to the HGB income statement item "Results from ordinary business activities".)	112.7	95.3
Net profit (Net profit corresponds to the HGB income statement item "Net income".)	59.1	37.7

BALANCE SHEET			
(in EUR mln)			Value as outcome from the most recent Supervisory Review and Evaluation Process ("SREP")
	31 Dec 2021	31 Dec 2020	
	(audited)	(audited)	
Total assets	52,538.2	48,558.4	-
Senior debt (Senior debt corresponds to the HGB balance sheet items "Liabilities to banks", "Liabilities to customers" and "Certificated liabilities".)	50,315.5	46,518.2	-
Subordinated debt (Subordinated debt corresponds to the HGB balance sheet item "Subordinated liabilities" and "Instruments of the additional regulatory core capital".)	140.5	165.4	-
Loans and receivables from customers (net) (Loans and receivables from customers (net) is the balance of the amounts of "Claims on customers" and "Liabilities to customers", as reported in the HGB Balance Sheet.)	28,179.3	25,417.2	-
Deposits from customers (Deposits from customers are reported within the Balance sheet item "Liabilities to customers")	524.0	360.7	-
Total equity (Total equity corresponds to the balance sheet Items "Capital and reserves" and "Fund for general Banking risks".)	1,737.3	1,601.8	
Common Equity Tier 1 capital ratio (per cent)	20.4	20.6	8.0
Total capital ratio (per cent)	22.5	22.8	12.3
Leverage ratio (per cent)	3.6	3.6	

The independent auditors' reports on the annual financial statements and the management reports of MünchenerHyp for the financial years ended 31 December 2021 and 2020 do not include any qualifications.

2.3 What are the key risks that are specific to the Issuer?

Risks related to Issuer generally

- **Issuer risk:** An Issuer risk is the risk that MünchenerHyp becomes temporarily or permanently insolvent.

Risks related to the Issuer's Business Activities

- **Counterparty Risk:** MünchenerHyp's may incur losses with counterparty exposures which could have a negative effect on the net assets, financial and income position of the Issuer.

- **Operational Risks:** MünchenerHyp is exposed in its operations to various forms of operational risks which could have a negative effect on the net assets, financial and income position of the Issuer. Operational risks refer to possible losses caused by personal misconduct, weaknesses in process or project management, technical failure or negative outside influences.

Risks related to the Issuer's Financial Situation

- **Liquidity Risks:** Insufficient liquidity including an insufficient LCR could have a material adverse effect on MünchenerHyp's solvency.
- **Market Price Risks:** Market price risks consist of the risks to the value of positions due to changes in market parameters including interest rates, volatility and exchange rates among others and could have a material adverse effect on MünchenerHyp's profitability.

Risks related to Macroeconomic Developments

- **Impact of special circumstances on the global economy and the markets (coronavirus, increased inflation rates and Russia-Ukraine conflict):** The economic effects of the COVID-19 pandemic, the increased inflation rates and the Russia-Ukraine conflict may have a negative effect on the net assets, financial and income position of MünchenerHyp.

Section 3 – Key Information on the Capital Notes

3.1 What are the main features of the Capital Notes?

Type, Class and ISIN (International Securities Identification Number): The Capital Notes are additional tier 1 notes in bearer form which will be issued on a fixed to reset rate interest basis. ISIN CH1184694771.

Currency, Aggregate Principal Amount and Denomination: CHF 75,000,000 divided into 1,500 Capital Notes with a denomination of CHF 50,000 each.

Term of the Capital Notes: The Capital Notes do not provide for a scheduled maturity date and will only be callable at the option of the Issuer and subject to regulatory approval. The terms and conditions of the Capital Notes (the "**Terms and Conditions**") provide for a first redemption date at the option of the Issuer on 2 June 2027 (the "**First Redemption Date**"). Prior to the First Redemption Date, the Capital Notes will be callable by the Issuer for regulatory or tax reasons and subject to regulatory approval.

Rights attached to the Capital Notes:

- **Payment Claims:** Subject to a (discretionary or compulsory) cancellation of interest payments pursuant to the Terms and Conditions, the holders ("**Holders**") of the Capital Notes have an interest claim and, upon termination of the Capital Notes by the Issuer, a redemption claim against MünchenerHyp.
- **Interest Commencement Date, Interest Payment Dates and Interest Rate:** The Capital Notes will bear interest from (but excluding) 2 June 2022 (the "**Interest Commencement Date**") to (and including) the day on which the Capital Notes are due for redemption. Interest payments, if any, will be payable annually in arrear on 2 June in each year (each an "**Interest Payment Date**"); the first Interest Payment Date will be 2 June 2023.

The interest rate applicable for all interest periods from (but excluding) the Interest Commencement Date until (and including) 2 December 2027 (the "**First Reset Date**") is 5.750 per cent *per annum*.

The interest rate for all other interest periods will be reset every five years and will be determined by reference to the five year CHF mid-market swap rate, unless certain fall-back provisions apply, plus a margin of 4.945 per cent *per annum*.

- **Discretionary Cancellation of Interest Payments**

Pursuant to the Terms and Conditions, interest payments in respect of the Capital Notes are entirely discretionary (i.e. interest payments will not accrue if the Issuer has elected, at its sole discretion, to cancel payment of interest (non-cumulative), in whole or in part, on any Interest Payment Date). Interest payments in following years will neither increase to compensate for any cancellation of interest payment at the discretion of the Issuer in any previous year nor for any compulsory cancellation of interest payments described below.

- **Compulsory Cancellation of Interest Payments**

Pursuant to the Terms and Conditions (and irrespective of an additional discretionary cancellation of interest payments), interest payments will not accrue, in whole or in part, on any Interest Payment Date:

- (i) to the extent that such payment of interest together with
 - (A) the amount of a write-up, if any, in accordance with the Terms and Conditions to be effected as of the relevant Interest Payment Date;
 - (B) any additional distributions that have been made and are scheduled to be made or have been made on the same day or that have been made by the Issuer on other Tier 1 instruments in the then current financial year of the Issuer; and
 - (C) the total amount of write-ups, if any, on any other Additional Tier 1 instruments to be effected as of the relevant Interest Payment Date in the then current financial year of the Issuer,would exceed the available distributable items of the Issuer as determined in accordance with the Terms and Conditions; or
- (ii) if and to the extent that a competent supervisory authority orders that all or part of the relevant payment of interest be cancelled; or
- (iii) if and to the extent that another prohibition of distributions is imposed by law or an authority or any other restriction to make distributions exists under the applicable supervisory regulations; or
- (iv) if the Issuer is overindebted (*überschuldet*) within the meaning of Section 19 of the German Insolvency Statute (*Insolvenzordnung* – "**InsO**") or illiquid (*zahlungsunfähig*) within the meaning of Section 17 InsO or there is an imminent illiquidity (*drohende Zahlungsunfähigkeit*) of the Issuer within the meaning of Section 18 InsO on the relevant Interest Payment Date, or to the extent that the relevant payment of interest would result in an overindebtedness (*Überschuldung*) of the Issuer within the meaning of Section 19 InsO or in an illiquidity (*Zahlungsunfähigkeit*) of the Issuer within the meaning of Section 17 InsO or in an imminent illiquidity (*drohende Zahlungsunfähigkeit*) of the Issuer within the meaning of Section 18 InsO.

Prohibitions of distributions imposed by law or an authority pursuant to (iii) include, but are not limited to, restrictions of distributions in connection with the calculation of the maximum distributable amount ("**Maximum Distributable Amount (MDA)**") within the meaning of Article 141 (2) and, if applicable, Article 141b (2) of Directive 2013/36/EU, as amended or replaced from time to time ("**CRD**"), including the amendments made by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 ("**CRD V**"), as far as transposed into German law (at the time of issuance of the Capital Notes in particular as currently transposed into German law by Section 10i of the German Banking Act (*Gesetz über das Kreditwesen* – "**KWVG**") in conjunction with Section 37 of the German Solvency Regulation (*Verordnung zur angemessenen Ausstattung von Instituten, Institutsgruppen, Finanzholding-Gruppen und gemischten Finanzholding-Gruppen* – "**SolvV**")), any restrictions resulting from the Maximum Distributable Amount (MDA), and any other restrictions on distributions operating as maximum distributable amount under the then applicable supervisory regulations requiring a maximum distributable amount to be calculated if the Issuer and/or the Issuer's group, as applicable, is failing to meet any capital adequacy or buffer requirements applicable to the Issuer and/or the Issuer's group at the relevant point in time, such as the maximum distributable amount related to the minimum requirement for own funds and eligible liabilities ("**M-MDA**") pursuant to Article 16a(1) of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended or replaced from time to time ("**BRRD**"), introduced by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 ("**BRRD II**"), as transposed into German law (as of the date of this Prospectus, by Section 58a of the German Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz*), as amended or replaced from time to time ("**SAG**")).

- **Reduction of Principal Amount upon Trigger Event**

The principal amount of the Capital Notes will be reduced under the Terms and

Conditions upon the occurrence of a Trigger Event (a write-down) which may result in loss of interest payments, lower interest payments as well as lower capital payments upon repayment of the Capital Notes. A "**Trigger Event**" occurs if at any time the Issuer's Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) of Regulation (EU) No 575/2013 of the European Parliament and the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as amended or replaced from time to time ("**CRR**") (the "**Common Equity Tier 1 Capital Ratio**") falls below 7 per cent. (the "**Minimum CET1 Ratio**"). At the time of this Prospectus, the Issuer reports its Common Equity Tier 1 Capital Ratio exclusively on a solo basis and, as long as this is the case, the occurrence of a Trigger Event based on the Minimum CET1 Ratio will be determined on a solo basis only.

- **No Scheduled Maturity:** The Capital Notes have no scheduled maturity date.

- **Redemption rights of the Issuer:**

Redemption for Regulatory Reasons and/or Reasons of Taxation, subject to the prior permission of the competent supervisory authority (if legally required): The Issuer may at any time for regulatory reasons or reasons of taxation call the Capital Notes for redemption, in whole but not in part, at their principal amount, which may be reduced in case of a Trigger Event or a regulatory bail-in.

Redemption at the option of the Issuer (Call Option): The Issuer may call the Capital Notes for redemption, in whole but not in part, on any business day falling in the period from (and including) the First Redemption Date to (and including) the First Reset Date or on any Interest Payment Date thereafter at their principal amount, which may be reduced in case of a Trigger Event (provided, however, that the Holders have agreed to a redemption at the principal amount when such principal amount is still reduced as a consequence of such Trigger Event) or in case of a regulatory bail-in.

- **No Termination Rights of Holders:** The Terms and Conditions do not provide for any events of default or other termination right at the option of the Holders.
- **No Set-off, no Security:** No Holder may set off his claims arising under the Capital Notes against any claims of the Issuer. No security or guarantee of whatever kind is provided by the Issuer or any other person securing rights of the Holders under the Capital Notes. Neither will such security or guarantee be provided at a later point in time.
- **Resolutions of Holders:** In accordance with the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen – SchVG*), as amended or replaced from time to time, the Terms and Conditions provide that Holders may – with the consent of the Issuer (such consent being subject to compliance with the requirements of regulatory law for the recognition of the Capital Notes as Additional Tier 1 capital) – agree by majority resolution to amend the Terms and Conditions and to decide upon certain other matters regarding the Capital Notes.

Level of Subordination of the Capital Notes in the Issuer's capital structure: The Capital Notes constitute direct, unsecured and subordinated obligations of the Issuer, ranking *pari passu* among themselves and with all claims in respect of existing and future instruments classified as Additional Tier 1 capital of the Issuer within the meaning of Article 52 CRR (which, at the time of this Prospectus, include the CHF 125,000,000 Undated Non-Cumulative Fixed to Reset Rate Additional Tier 1 Notes of the Issuer issued on 12 December 2019 (ISIN CH0508236590)) and the payment of interest and capital thereunder and are only senior to obligations of the Issuer under Common Equity Tier 1 instruments. In case of resolution measures being imposed on the Issuer, or in the event of the dissolution, liquidation, insolvency, composition or other proceedings for the avoidance of insolvency against the Issuer, no amounts shall be payable in respect of the Capital Notes until the senior ranking obligations of the Issuer (including the claims of other creditors of the Issuer that are unsubordinated (including, but not limited to, claims against the Issuer under its non-preferred senior debt instruments pursuant to Section 46f (6) sentence 1 KWG), the claims under Tier 2 instruments, the claims specified in Section 39 (1) nos. 1 to 5 InsO, the claims arising from subordinated obligations within the meaning of Section 39 (2) InsO and the claims arising from other instruments which pursuant to their terms or mandatory provisions of law (including but not limited pursuant to Section 46f (7a) sentence 3 KWG)) have been satisfied in full.

Potential impact on the investment in the event of a resolution: Prior to any insolvency or liquidation of the Issuer, under bank resolution laws applicable to the Issuer from time to time, the

competent resolution authority may write down (including to zero) the obligations of the Issuer under the Capital Notes, convert them into equity (e.g. cooperative shares of the Issuer) or apply any other resolution measure, including (but not limited to) any transfer of the obligations to another entity, an amendment of the Terms and Conditions or a cancellation of the Capital Notes. The regulatory bail-in rules also provide that Tier 1 capital instruments (including the Capital Notes) participate in losses before Tier 2 capital instruments or other subordinated or non-subordinated liabilities of the Issuer.

Restrictions on payments even prior to the commencement of insolvency or liquidation proceedings: Even prior to the commencement of any insolvency or liquidation proceedings over the assets of the Issuer, the Issuer shall not make a scheduled payment of interest or a repayment of principal if (i) on the date of the relevant payment, the Issuer is over-indebted within the meaning of Section 19 InsO or illiquid within the meaning of Section 17 InsO or there is an imminent illiquidity of the Issuer within the meaning of Section 18 InsO of the Issuer (regardless of whether the commencement of insolvency proceedings has been applied for), or (ii) the payment of the relevant amount would result in an over-indebtedness of the Issuer within the meaning of Section 19 InsO, an illiquidity of the Issuer within the meaning of Section 17 InsO or an imminent illiquidity of the Issuer within the meaning of Section 18 InsO (regardless of whether the commencement of insolvency proceedings has been applied for) or would accelerate the occurrence of such an event.

Restrictions on the free transferability of the Capital Notes: There are no restrictions on the free transferability of the Capital Notes.

3.2 Where will the Capital Notes be traded?

Application for Admission to Trading on a Regulated Market: An application for admission to trading of the Capital Notes on the professional segment of the Regulated Market "*Bourse de Luxembourg*" of the Luxembourg Stock Exchange has been made. Further, application will be made for listing of the Capital Notes on SIX Swiss Exchange Ltd.

3.3 What are the key risks that are specific to the Capital Notes?

Risks related to the Characteristics of the Capital Notes

- **Reduction of interest and capital payments upon occurrence of a Trigger Event:** The principal amount of the Capital Notes will be reduced under the Terms and Conditions upon the occurrence of a Trigger Event which may result in loss of interest payments, lower interest payments as well as lower capital payments upon repayment of the Capital Notes.
- **Indefinite term and no termination rights of Holders:** The Capital Notes have no scheduled maturity and the Terms and Conditions do not contain any events of default provision.
- **Regulatory bail-in:** The Capital Notes may be written down (without prospect of a potential write-up in accordance with the Terms and Conditions) or converted as part of a regulatory bail-in if the Issuer is failing or likely to fail.
- **Subordination:** Claims under the Capital Notes are subordinated in the Issuer's insolvency or liquidation.

Risks related to Interest Payments on the Capital Notes

- **Discretionary and Compulsory Cancellation of Interest Payments:** Interest payments are entirely discretionary and subject to the fulfilment of certain conditions. If the Issuer elects not to make an interest payment, such cancellation will be non-cumulative, i.e. such interest payment will not be paid at any later point of time. There will be no circumstances under which an interest payment will be compulsory for the Issuer and actual or expected cancellations of interest payments may have a negative impact on the market value of the Capital Notes. In addition, interest payments may be cancelled for regulatory reasons and thus not be payable.
- **Interest Rate Reset:** Holders of the Capital Notes are exposed to risks associated with callable fixed to reset rate notes. The interest rate that will apply to the Capital Notes from the First Reset Date until redemption of the Capital Notes will be linked to the five year CHF mid-market swap rate which is subject to fluctuation. Furthermore, if the five year CHF mid-market swap rate were unavailable or discontinued on any interest determination date, this would result in alternative methods for determining the reference rate and may also adversely affect the market price and the return on the Capital Notes. Movements of the market interest rate and/or the credit risk premium can also adversely affect the price of the Capital Notes and lead to losses upon a sale.

Further Risks

- **Regulatory Provisions affecting the Capital Notes and the Issuer:** Credit institutions such as the Issuer are subject to ever stricter regulatory standards (such as (but not limited to) capital and liquidity standards, procedural and reporting requirements) and supervision (including stress tests and certain resolution tools under the framework for the recovery and resolution of credit institutions and investment firms introduced by the EU) which could have a material effect on the business of the Issuer.
- **Potential additional indebtedness of the Issuer:** There is no restriction on the amount or type of further instruments, including those which depend, amongst others, on the Issuer's available distributable items, or other indebtedness that the Issuer may issue, incur or guarantee.
- **Potential Rating Downgradings:** Change in the credit ratings assigned to the Issuer and/or the Capital Notes could affect the market value and reduce the liquidity of the Capital Notes.

Section 4 – KEY INFORMATION ON THE ADMISSION OF THE CAPITAL NOTES TO TRADING ON A REGULATED MARKET

Admission to Trading: Application has been made to the Luxembourg Stock Exchange to admit the Capital Notes to trading on the professional segment of the regulated market "*Bourse de Luxembourg*" of the Luxembourg Stock Exchange. Further, application will be made for admission to trading and listing of the Capital Notes on SIX Swiss Exchange Ltd.

Estimated Expenses of the Issue and Costs charged to the Investor: The estimated total expenses of the issue of the Capital Notes (including the expenses related to admission to trading on the Luxembourg Stock Exchange and the listing of the Capital Notes on SIX Swiss Exchange Ltd.) amounting to approximately EUR 500,000 shall be borne by the Issuer.

The Issuer will not charge any costs, expenses or taxes directly to any investor. Investors must inform themselves about any costs, expenses or taxes in connection with the purchase of the Capital Notes which are generally applicable in their respective country of residence, including any charges of their own depository banks in connection with the purchase or holding of securities.

Why is this Prospectus being produced?

Reasons for the issuance of the Capital Notes, use of the Net Issue Proceeds and estimated Net Issue Proceeds: The issue of the Capital Notes will be for the purpose of financing the business of the Issuer while achieving the recognition of the Capital Notes as additional Tier 1 capital in accordance with regulatory requirements and strengthening its regulatory capital base. The net issue proceeds from the issue of the Capital Notes, which are expected to amount to CHF 75,000,000, will be used for such purpose.

Subscription Agreement: Pursuant to the subscription agreement entered into on 31 May 2022, Credit Suisse AG, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main and UBS AG (the "**Joint Lead Managers**") and Zürcher Kantonalbank (the "**Co-Manager**" and, together with the Joint Lead Managers, the "**Managers**" and each a "**Manager**") agreed, subject to certain conditions, to subscribe for the Capital Notes on a firm commitment basis. The total commitments of the Managers are equal to CHF 75,000,000 (being the aggregate principal amount of the Capital Notes).

Material Conflicts of Interest: Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer in the ordinary course of business.

RISK FACTORS

The following is a disclosure of risk factors that may affect MünchenerHyp's ability to fulfil its obligations under the Capital Notes and that are specific and material to the Issuer and the Capital Notes in order to assess the market risk associated with these Capital Notes. Prospective investors should consider these risk factors before deciding to purchase the Capital Notes.

Prospective investors should consider all information provided in this Prospectus or incorporated by reference into this Prospectus and consult with their own professional advisors if they consider it necessary. In addition, investors should be aware that the risks described may combine and thus intensify one another.

In addition, investors should be aware that the individual risks or the combination of the risks set out below may have a significant impact on the price of the Capital Notes and a negative impact on the value of the investment. Under certain circumstances the prospective investor may suffer substantial losses.

RISK FACTORS SPECIFIC AND MATERIAL TO THE ISSUER

Risks related to the Issuer generally

- **Issuer Risk**

The Capital Notes entail an issuer risk (also referred to as debtor risk or credit risk) for prospective investors. An issuer risk is the risk that MünchenerHyp becomes temporarily or permanently insolvent and will not be able to make payment of interest and/or the redemption amount on the Capital Notes if and when due. In addition, investors should be aware that, even prior to MünchenerHyp becoming temporarily or permanently insolvent, a reduction of the principal amount of the Capital Notes may occur if MünchenerHyp's Common Equity Tier 1 capital ratio falls below 7 per cent. or if a regulatory bail-in occurs (see "*RISK FACTORS MATERIAL AND SPECIFIC TO THE CAPITAL NOTES – The Redemption Amount and the principal amount of the Capital Notes will be reduced under the Terms and Conditions upon the occurrence of a Trigger Event which may result in loss of Interest Payments, lower Interest Payments as well as lower capital payments upon repayment of the Capital Notes. and The Capital Notes may be written down (without prospect of a potential write-up in accordance with the Terms and Conditions) or converted as part of a regulatory bail-in if the Issuer is failing or likely to fail. Investors may lose all of their investment, including the principal amount plus any accrued and future interest, if a regulatory bail-in is initiated.*").

Consequences

In a worst case scenario, an insolvency of MünchenerHyp may result in a total loss of the capital invested by the investor.

- **Risk related to Rating Downgradings**

One or more independent rating agencies may assign ratings to the Issuer. A rating assesses the creditworthiness of the Issuer and informs an investor therefore about the probability of the Issuer being able to redeem invested capital. The Issuer is generally exposed to the risk that the ratings assigned to it by rating agencies may be downgraded. A rating is not a recommendation to buy, sell or hold Capital Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Consequences

If the ratings of MünchenerHyp were to be downgraded, this might impair MünchenerHyp's access to refinancing sources and/or cause refinancing costs to rise. Negative changes in the rating assigned to the Issuer may adversely affect the market price of the Capital Notes and may have a negative impact on the value of the investment made by an investor.

Risks related to the Issuer's Business Activities

- **Counterparty Risk**

Counterparty risk (credit risk) is of major importance for MünchenerHyp. Counterparty risk refers to the danger that counterparties may delay their payment obligations to MünchenerHyp, only make partial payments or even default.

Consequences

There is no guarantee that MünchenerHyp's methods and provisions on risk management for identifying, monitoring and controlling counterparty risk, including its policies on risk management, provisions on risk management, risk management procedures, valuation methods and financing principles, are sufficient in all individual cases and will always be sufficient and appropriate in the future. It cannot be ruled out that undetected, unforeseen and unavoidable counterparty risks or counterparty risks that were not identified in the past will arise and lead to loan losses which could have a negative effect on the net assets, financial and income position of MünchenerHyp and could limit its ability to make payments on the Capital Notes if and when due.

The annual financial statements of MünchenerHyp as at 31 December 2021 report claims on customers of EUR 43.0 billion (31 December 2020: EUR 40.3 billion). As at 31 December 2021, adjustments to value totalling EUR 54.6 million (31 December 2020: EUR 42.5 million) (individual adjustments to value and general adjustments to value) were recognised on the balance sheet for claims on customers.

- **Operational Risks**

Operational risks refer to possible losses caused by personal misconduct, weaknesses in process or project management, technical failure or negative outside influences. Personal misconduct also includes unlawful actions, improper sales practices, unauthorised actions and transaction errors.

Consequences

It cannot be ruled out that the precautions taken by MünchenerHyp against operational risk may be insufficient in individual cases. The realisation of such a risk could have a negative effect on the net assets, financial and income position of MünchenerHyp which could limit its ability to make payments on the Capital Notes if and when due.

- **Investment Risk**

Investment risk is understood to mean the danger of financial loss due to a decline in the value of a holding to less than its book value. This refers to long-term investments MünchenerHyp has made in companies within the cooperative financial network due to strategic reasons, as well as to a small extent positions taken in its special balanced fund.

Consequences

If a future impairment test determines that the book value of long-term investments is significantly impaired, this could have an adverse impact on the financial performance and financial position of MünchenerHyp and could limit its ability to make payments on the Capital Notes if and when due.

Risks related to the Issuer's Financial Situation

- **Liquidity Risks**

Liquidity risks consist of the following risks:

- inability to fulfil payment obligations when they come due (liquidity risk in the narrow sense),
- inability to procure sufficient liquidity when needed at anticipated conditions (refinancing risk),

- inability to terminate, extend or close out a transaction, or only be able to do so at a loss, due to insufficient market depth or market turbulence (market liquidity risk).

Consequences

Pursuant to bank regulatory requirements, MünchenerHyp has to maintain a liquidity coverage ratio ("**LCR**") of above 100 per cent. The LCR is defined as the ratio of available highly liquid assets to net cash outflows over the next 30 days, subject to defined stress conditions. MünchenerHyp complied with this requirement at all times during the financial years 2021 and 2020. As at 31 December 2021, the LCR amounted to 1,138.5 per cent (31 December 2020: 563.4 per cent).

Insufficient liquidity including an insufficient LCR could have a material adverse effect on MünchenerHyp's solvency and its ability to make payments on the Capital Notes if and when due.

- **Market Price Risks**

Market price risks consist of the risks to the value of positions due to changes in market parameters including interest rates, volatility and exchange rates among others. These risks are quantified as potential losses of present value using a present value model that differentiates between risks related to interest rates, options and currency rates. Market price risks also include (credit) spread risks.

If the interest environment changes in an unfavourable manner for the Issuer's business, i.e. if refinancing interest rates increase and the Issuer is unable to raise the interest rates it charges its creditors accordingly, this might have a negative impact on the Issuer's results and financial situation.

Consequences

Market price risks could have a material adverse effect on MünchenerHyp's profitability and its ability to make payments on the Capital Notes if and when due.

Risks related to Macroeconomic Developments

- ***Impact of special circumstances on the global economy and the markets (coronavirus, increased inflation rates and Russia-Ukraine conflict***

The coronavirus or COVID-19 has spread worldwide since 2020. The COVID-19 pandemic and the necessary containment measures have led to a decline in the economic output with recovery trends in form of positive GDP growth rates being on the horizon in 2021, but with increasing inflation rates since mid-2021. Due to the Russia-Ukraine conflict since February 2022, a diminished economic output is to be expected for 2022.

The global COVID-19 pandemic is closely linked to risks in global macroeconomic developments. In most countries, governments reacted with stringent social distancing policies in the past (including curfews, travel restrictions and the closing of retail stores, restaurants, and schools), having negative economic effects accordingly. For as long as the spread of the coronavirus and the Omikron mutation cannot be effectively contained, this could continue to adversely affect the global economy and financial markets, resulting in a prolonged economic downturn and reduced consumer spending. Any disruption or downturn in the global credit markets and economy in combination with a potential increase in unemployment levels could contribute to slower growth in household disposable income and higher savings. However, due to the progress in vaccination against the coronavirus and the easing of social distancing policies, among other things, trends of economic recovery have been on the horizon since 2021 (e.g. positive GDP growth rates), but with increasing inflation rates since mid-2021 (causes of this have been, in particular, higher energy costs and prices that increased due to the coronavirus following supply chain disruptions). At present, it cannot be foreseen whether and to what extent new possibly dangerous mutations of the coronavirus may emerge in the future, as a result of which social distancing policies may become necessary, having negative economic effects accordingly.

In particular, the increase in e-commerce and online retail business is likely to have a negative

impact on traditional retail stores and, as a consequence, on the demand for commercial space. Since people will at least partially furthermore be asked to work from home even after the COVID-19 pandemic, the demand for office space is likely to decrease in future. These developments may have a negative impact on the market for commercial real estate. Furthermore, home office arrangements and increased client use of digital tools expose MünchenerHyp to a greater risk of cyberthreats, cyberattacks, security breaches, and fraudulent activities as well as to operational risks.

However, it is not possible to predict the full impacts that the COVID-19 pandemic will have on the global economy, on the Issuer's clients, and on MünchenerHyp itself, including its business activities, results of operations, financial position, regulatory capital and liquidity ratios, reputation, and ability to satisfy further regulatory requirements. The actual impacts will depend on future events that are highly uncertain, inter alia, on the sustainability of the measures including the vaccination programmes taken by governmental authorities and other third parties to contain the COVID-19 pandemic on the one hand and to mitigate the negative economic impacts of the COVID-19 pandemic on the other hand.

Thus, the aforementioned risks, developments and trends due to the COVID-19 pandemic could negatively affect the Issuer's business.

On 24 February 2022, Russia commenced a military invasion of Ukraine. The military confrontation between Russia and Ukraine has greatly accelerated the rise in energy prices and, thus, also the inflation trend. Ongoing shortages in certain products caused by supply chain disruptions have the potential to continue to cause substantial price increases for producers, which could then be passed on to consumers. Therefore, there is a risk that the current increase in inflation is not only temporary, but will be above the European Central Bank's (ECB) inflation target in the longer term and may lead to a general economic downturn with a negative impact on the property sector.

In response to the Russia-Ukraine conflict, Western countries have reacted with economic sanctions against Russia and Russia with countermeasures that have far-reaching implications for trade relations with Russia. This poses a risk to the global economy and may have a particularly negative impact on the German economy, which is dependent on raw material supplies, especially with regard to mineral oil and gas supplies. Thus, the Russian invasion of Ukraine could slow down the global economy's recovery from the aftermath of the COVID-19 pandemic, weakening the economic recovery trends which could be seen in late 2021. Against this background, the economic growth in the eurozone countries as well as in the UK and the US, among other regions, is expected to be less.

The effects of the Russia-Ukraine conflict and any further escalation on the business performance in general and on MünchenerHyp's financial position – MünchenerHyp does not have any commitments in these countries – cannot yet be adequately assessed at present.

Consequences

Overall, the economic effects of the COVID-19 pandemic, the increased inflation rates and the Russia-Ukraine conflict may have a negative effect on the net assets, financial and income position of MünchenerHyp and could limit its ability to make payments on the Capital Notes if and when due.

RISK FACTORS MATERIAL AND SPECIFIC TO THE CAPITAL NOTES

Risks related to the Characteristics of the Capital Notes

- ***The principal amount of the Capital Notes will be reduced under the Terms and Conditions upon the occurrence of a Trigger Event which may result in loss of Interest Payments, lower Interest Payments as well as lower capital payments upon repayment of the Capital Notes.***

The principal amount of the Capital Notes will be reduced under the Terms and Conditions upon the occurrence of a Trigger Event (a write-down) which may result in loss of Interest Payments,

lower Interest Payments as well as lower capital payments upon repayment of the Capital Notes. A **"Trigger Event"** occurs if at any time the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) of Regulation (EU) No 575/2013 of the European Parliament and the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as amended or replaced from time to time ("**CRR**") or a successor provision (the "**Common Equity Tier 1 Capital Ratio**") falls below 7 per cent. (the "**Minimum CET1 Ratio**"). At the time of this Prospectus, the Issuer reports its Common Equity Tier 1 Capital Ratio exclusively on a solo basis and, accordingly, the occurrence of a Trigger Event based on the Minimum CET1 Ratio will be determined on a solo basis only.

In case MünchenerHyp, at any time following the issuance of the Capital Notes, establishes a group of institutions pursuant to Section 10a(1) KWG (the "**Group**") and with effect from that date, a **"Trigger Event"** occurs if either the Common Equity Tier 1 Capital Ratio determined on a solo basis or the Common Equity Tier 1 Capital Ratio determined on a consolidated basis falls below the Minimum CET1 Ratio (with a Trigger Event based on the Minimum CET1 Ratio determined on a consolidated basis being applicable at any time, whereas a Trigger Event based on the Minimum CET1 Ratio determined on a solo basis only being applicable for as long as the Issuer will be obliged by law or administrative order to determine the Common Equity Tier 1 Capital Ratio on a solo basis). The Common Equity Tier 1 Capital Ratio determined on a consolidated basis might be lower than if calculated on a solo basis.

A Trigger Event may occur at any time and on more than one occasion, and the relevant Common Equity Tier 1 Capital Ratio is not only determined in relation to certain reporting dates. Whether a Trigger Event has occurred at any time shall be determined by the Issuer, the competent supervisory authority or any agent appointed for such purpose by the competent supervisory authority and such determination shall be binding on the Holders.

Upon the occurrence of a Trigger Event, any accrued but unpaid interest on the Capital Notes up to (and including) the effective date of the relevant write-down will automatically be cancelled (see "*– Interest Payments are entirely discretionary and subject to the fulfilment of certain conditions. If the Issuer elects not to make an Interest Payment, such cancellation will be non-cumulative, i.e. such Interest Payment will not be paid at any later point of time. There will be no circumstances under which an Interest Payment will be compulsory for the Issuer.*"). Following the effective date of the relevant write-down, Interest Payments will be calculated on the basis of the reduced principal amount of the Capital Notes. Even if the Issuer in its discretion decides to make Interest Payments under such circumstances and is legally permitted to make Interest Payments, Interest Payments will not accrue in full. In such event, Holders would receive no, or reduced, Interest Payments on the relevant Interest Payment Date. Such write-down would also negatively affect the size of the Redemption Amount payable on the Capital Notes. The Terms and Conditions stipulate that the Issuer will be entitled to redeem the Capital Notes for certain tax or regulatory reasons even if the Redemption Amount payable on the Capital Notes has been and continues to be reduced due to such write-down. The amount to be repaid under the Capital Notes, if any, may thus be substantially lower than the initial principal amount of the Capital Notes, and may also be reduced to zero which would result in a total loss of all money invested in the Capital Notes. The same applies if the Issuer elects to redeem the Capital Notes on any business day from (and including) 2 June 2027 (the "**First Redemption Date**") to (and including) 2 December 2027 (the "**First Reset Date**") or on any Interest Payment Date thereafter and the Holders, by way of majority resolution pursuant to the Terms and Conditions and in accordance with the provisions of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*), as amended or replaced from time to time ("**SchVG**"), have consented to a repayment at the reduced repayment amount. With regard to such potential majority resolution of the Holders see "*– The Terms and Conditions, including the terms of payment of principal and interest are subject to amendments by way of majority resolutions of the Holders, and any such resolution will be binding for all Holders. Any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of Capital Notes outstanding. In case of an appointment of a joint representative, the individual right of a Holder of Capital Notes to pursue and enforce its rights*

under the Terms and Conditions may be limited." Investors should note that a total loss of all money invested in the Capital Notes is also possible under circumstances when inadequate own funds or an over-indebtedness (*Überschuldung*) result in the insolvency or liquidation of the Issuer. In such cases, the amounts payable under the Capital Notes will most likely be reduced to zero in which case the Holders of Capital Notes would not participate in the proceeds of the liquidation. Their position might thus be worse than the position of holders of equity or other instruments ranking junior to the Capital Notes but which will not be written down or converted into participations in the capital stock or other Common Equity Tier 1 instruments of the Issuer upon the occurrence of a Trigger Event.

Following a write-down of the principal amount in accordance with the Terms and Conditions described above, the Issuer will, subject to certain limitations set out in the Terms and Conditions, be entitled (but not obliged) to effect, in its sole discretion an increase of the principal amount of the Capital Notes up to their initial principal amount. Prospective investors in the Capital Notes should be aware that the Issuer may decide not to write-up the principal amount of the Capital Notes for any reason and that, even if the Issuer were willing to write-up the principal amount of the Capital Notes, the Issuer could be prevented from effecting such write-up due to an order of the competent supervisory authority or other future restrictions that may be outside the Issuer's control. Consequently, there can be no assurance that the Issuer will at any time have the ability and be willing to effect such write-up.

• ***The Capital Notes may be written down (without prospect of a potential write-up in accordance with the Terms and Conditions) or converted as part of a regulatory bail-in if the Issuer is failing or likely to fail. Investors may lose all of their investment, including the principal amount plus any accrued and future interest, if a regulatory bail-in is initiated.***

The Capital Notes are intended to qualify as own funds in the form of additional Tier 1 capital of the Issuer within the meaning of Article 52(1) CRR. The Capital Notes will therefore qualify as "relevant capital instruments" (*relevante Kapitalinstrumente*) within the meaning of Section 2(2) SAG and Article 3(1)(51) of Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism ("**SRM Regulation**"), as amended by Regulation (EU) 2019/877 ("**SRM Regulation II**"). As such, they are in particular subject to the write down and conversion tool set out in Section 89 SAG and Article 21 of the SRM Regulation. In circumstances where the competent authorities have determined that the Issuer has reached the point of non-viability, i.e. if the Issuer is failing or likely to fail and if there is no reasonable prospect that any alternative private sector measures, including measures taken by the protection scheme of the Federal Association of German Cooperative Banks (*Bundesverband der Deutschen Volksbanken und Raiffeisenbanken – "BVR"*) (the "**BVR Protection Scheme**"), would prevent the failure of the Issuer within a reasonable timeframe (Article 21(3) of the SRM Regulation), the competent resolution authorities will also have the power either to write down the Capital Notes in full or in part or to convert the Capital Notes into one or more instruments that constitute Common Equity Tier 1 capital for the Issuer. Each of these measures is hereinafter referred to as a "**Regulatory Bail-in**".

In the case of a Regulatory Bail-in, the Holders will be bound by the relevant Regulatory Bail-in measure. They would have no claim or any other right against the Issuer arising out of any Regulatory Bail-in. Potential investors should consider the risk that they may lose all of their investment, including the principal amount plus any accrued and future interest, if a Regulatory Bail-in is initiated.

Since the Terms and Conditions do not provide for a write-down of the Capital Notes in the event that the Issuer is failing or likely to fail, except in case that the Common Equity Tier 1 Capital Ratio of the Issuer (or, if the Issuer establishes a group of institutions pursuant to Section 10a(1) KWG, the Group) falls below the Minimum CET1 Ratio, the risks associated with a Regulatory Bail-in are additional to those arising under the contractual Terms and Conditions.

The extent to which the principal amount of the Capital Notes may be subject to a Regulatory Bail-in may depend on a number of factors that may be outside the Issuer's control, and it will be difficult to predict when, if at all, a Regulatory Bail-in will occur.

The Regulatory Bail-in rules also provide that the competent resolution authorities would have to exercise the write down and conversion tool in accordance with the order of priority of the Issuer's capital instruments, i.e. with the Regulatory Bail-in being applied firstly to Common Equity Tier 1 instruments, secondly to Additional Tier 1 instruments (including the Capital Notes) and thirdly to Tier 2 instruments. Further, funds from the Single Resolution Fund for banks (which represents the financial basis for the Single Resolution Mechanism ("**SRM**")) may only be made available after the owners and creditors of the bank participated in losses by way of a Regulatory Bail-in. Likewise, the European Commission stated in its communication on the application of state aid rules to support measures in favour of banks in the context of the financial crisis of 30 July 2012 (the "**Banking Communication**") that state aid should only be provided on terms which involve adequate burden-sharing by existing investors and not to the benefit of the shareholders and subordinated debt holders.

Potential investors should consider the risk that they may lose all of their investment, including the principal amount plus any accrued interest if a Regulatory Bail-in occurs. In addition, potential investors should note that the provisions of the Terms and Conditions dealing with a potential write-up of the principal amount of the Capital Notes should the Capital Notes have been subject to a write-down will not apply in case the Capital Notes have been subject to a Regulatory Bail-in and it is therefore generally the case that any write-down due to a Regulatory Bail-in cannot be written up.

In addition to a Regulatory Bail-in, the competent resolution authorities may apply other resolution measures, which may have similarly serious economic consequences for the Holders, including (but not limited to) a transfer of the Capital Notes or of all or parts of the Issuer's assets to another legal entity (e.g. a bridge institution), a variation of the Terms and Conditions (including, but not limited to, the modification of the redemption provision of the Capital Notes) or a cancellation of the Capital Notes. Generally, the competent resolution authorities may apply such resolution measures individually or in any combination.

- ***Claims under the Capital Notes are subordinated in the Issuer's insolvency or liquidation.***

In the event of resolution measures imposed on the Issuer and in the event of the dissolution, liquidation, insolvency, composition or other proceedings for the avoidance of insolvency of, or against, the Issuer, the obligations under the Capital Notes shall be fully subordinated to (i) the claims of creditors of the Issuer that are unsubordinated (including, but not limited to, claims against the Issuer under its senior non-preferred debt instruments within the meaning of Section 46f(6) sentence 1 KWG or any successor provision thereto), (ii) the claims under Tier 2 instruments, (iii) the claims specified in Section 39(1) nos. 1 to 5 of the German Insolvency Statute (*Insolvenzordnung*), as amended or replaced from time to time ("**InsO**") or any successor provision thereto, (iv) the claims arising from subordinated obligations within the meaning Section 39(2) InsO or any successor provision thereto which do not qualify as own funds instruments at the time of resolution measures being imposed on the Issuer or in the event of the dissolution, liquidation, insolvency, composition or other proceedings for the avoidance of insolvency of, or against, the Issuer and (v) the claims arising from other instruments which pursuant to their terms or mandatory provisions of law (including but not limited pursuant to Section 46f(7a) sentence 3 KWG or any successor provision thereto) rank senior to Additional Tier 1 instruments, to the extent not already covered by (i) or (iv) above (the obligations described under (i) to (v) are hereinafter collectively referred to as the "**Senior Ranking Obligations of the Issuer**"), so that in any such event no amounts shall be payable in respect of the Capital Notes until the Senior Ranking Obligations of the Issuer have been satisfied in full. Subject to such subordination provision, the Issuer may satisfy its obligations under the Capital Notes also from other distributable assets (*freies Vermögen*) of the Issuer. No Holder may set off his claims arising under the Capital Notes against any claims of the Issuer. No security or guarantee of whatever kind is, or shall at any time be, provided by the Issuer or any other person securing rights of the Holders under the Capital Notes.

Accordingly, the Holder's rights under the Capital Notes will rank behind all creditors of the Issuer in the event of the insolvency or liquidation of the Issuer. The Issuer's payment obligations under the Capital Notes will rank *pari passu* amongst themselves and with all claims in respect of existing and

future instruments classified as Additional Tier 1 capital of the Issuer within the meaning of Article 52 CRR (which, at the time of this Prospectus, include the CHF 125,000,000 Undated Non-Cumulative Fixed to Reset Rate Additional Tier 1 Notes of the Issuer issued on 12 December 2019 (ISIN CH0508236590)) and the payment of interest thereunder and are only senior to obligations of the Issuer under Common Equity Tier 1 instruments.

Prospective investors in the Capital Notes should also be aware that, irrespective of, and even prior to, the commencement of any insolvency or liquidation proceedings over the assets of the Issuer, the Issuer shall not make a scheduled payment of interest or a repayment of principal if (i) on the date of the relevant payment, the Issuer is over-indebted (*überschuldet*) within the meaning of Section 19 InsO or illiquid (*zahlungsunfähig*) within the meaning of Section 17 InsO or there is an imminent illiquidity (*drohende Zahlungsunfähigkeit*) of the Issuer within the meaning of Section 18 InsO of the Issuer (regardless of whether the commencement of insolvency proceedings has been applied for), or (ii) the payment of the relevant amount would result in an over-indebtedness (*Überschuldung*) of the Issuer within the meaning of Section 19 InsO, an illiquidity (*Zahlungsunfähigkeit*) of the Issuer within the meaning of Section 17 InsO or an imminent illiquidity (*drohende Zahlungsunfähigkeit*) of the Issuer within the meaning of Section 18 InsO (regardless of whether the commencement of insolvency proceedings has been applied for) or would accelerate the occurrence of such an event (see "*– The Capital Notes have no scheduled maturity and the Terms and Conditions do not contain any events of default provision. Any call, redemption, repayment or repurchase of Capital Notes will be subject to prior approval by the competent supervisory authority.*" and "*– Interest Payments are entirely discretionary and subject to the fulfilment of certain conditions. If the Issuer elects not to make an Interest Payment, such cancellation will be non-cumulative, i.e. such Interest Payment will not be paid at any later point of time. There will be no circumstances under which an Interest Payment will be compulsory for the Issuer.*"). Such a prohibition on payments may be in effect for an indefinite period of time and even permanently.

In addition, prior to any insolvency or liquidation of the Issuer, under bank resolution laws applicable to the Issuer from time to time, the competent resolution authority may write down (including to zero) the obligations of the Issuer under the Capital Notes, convert them into equity (e.g. cooperative shares of the Issuer) or apply any other resolution measure, including (but not limited to) any transfer of the obligations to another entity, an amendment of the Terms and Conditions or a cancellation of the Capital Notes.

As a consequence, claims of the Holders of the Capital Notes also have a substantially increased likelihood of being subject to the risks arising from resolution measures. See "*– The Capital Notes may be written down (without prospect of a potential write-up in accordance with the Terms and Conditions) or converted as part of a regulatory bail-in if the Issuer is failing or likely to fail. Investors may lose all of their investment, including the principal amount plus any accrued and future interest, if a regulatory bail-in is initiated.*"

• ***The Capital Notes have no scheduled maturity and the Terms and Conditions do not contain any events of default provision. Any call, redemption, repayment or repurchase of Capital Notes will be subject to prior approval by the competent supervisory authority.***

The Capital Notes have no scheduled maturity and will run for an indefinite period of time. The Holders have no ability to require the Issuer to redeem their Capital Notes. Under their terms, the Capital Notes may only be redeemed by the Issuer and the Terms and Conditions do not provide for any events of default under which a Holder may demand redemption of the Capital Notes. In particular, neither non-viability nor a Regulatory Bail-in in connection therewith (see "*– The Capital Notes may be written down (without prospect of a potential write-up in accordance with the Terms and Conditions) or converted as part of a regulatory bail-in if the Issuer is failing or likely to fail. Investors may lose all of their investment, including the principal amount plus any accrued and future interest, if a regulatory bail-in is initiated.*") nor a cancellation of interest nor a reduction of the principal amount of the Capital Notes upon the occurrence of a Trigger Event nor any failure of the Issuer to give notice in respect of a cancellation of

interest or in connection with the occurrence of a Trigger Event will constitute an event of default with respect to the Capital Notes. The Holders of the Capital Notes will receive all or part of the initial principal amount of the Capital Notes:

- (i) if the Issuer exercises its rights to redeem or purchase the Capital Notes;
- (ii) by selling the Capital Notes (where possible); or
- (iii) by claiming for any principal amounts due and not paid in any dissolution or liquidation of the Issuer (subject to the provisions in the Terms and Conditions regarding the subordination of claims under the Capital Notes in the event of insolvency and liquidation).

Except for certain tax or regulatory reasons, as stipulated in this Prospectus, the Terms and Conditions provide that an ordinary redemption by the Issuer, in whole but not in part, may not become effective earlier than the First Redemption Date (inclusive) and any business day thereafter until (and including) the First Reset Date and on each Interest Payment Date thereafter. In addition, the Terms and Conditions stipulate that no redemption by the Issuer shall become effective without prior regulatory approval. Such regulatory approval is subject to regulatory provisions. At the time of the issuance of the Capital Notes, among other requirements Articles 77 and 78 CRR require that prior to any call, redemption or repayment either (i) the Issuer has replaced the Capital Notes with own fund instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer earlier than, or at the same time as, the call, redemption or repayment; or (ii) the Issuer has demonstrated to the satisfaction of the competent supervisory authority that the own funds and eligible liabilities of the Issuer would – following such redemption or repayment – exceed the requirements laid down in the CRR and in Directive 2013/36/EU, as amended or replaced from time to time ("**CRD**") and Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended or replaced from time to time ("**BRRD**"), as transposed into German law by the KWG and the German Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz*), as amended or replaced from time to time ("**SAG**"), by a margin that the competent supervisory authority considers necessary. With regard to the current review of the macroprudential rules contained in the CRR and the CRD conducted by the European Commission and the ECB's proposals relating to Articles 77 and 78 CRR, see "*The current review of the macroprudential rules contained in the CRR and the CRD could result in changes in law and could affect, amongst others, the regulatory treatment of the Capital Notes and the Issuer's ability to make interest payments on the Capital Notes and to redeem or repurchase the Capital Notes.*"

In addition, the Terms and Conditions provide that the Issuer may only redeem or repurchase the Capital Notes if (i) it is neither over-indebted (*überschuldet*) within the meaning of Section 19 InsO nor illiquid (*zahlungsunfähig*) within the meaning of Section 17 InsO nor there is an imminent illiquidity (*drohende Zahlungsunfähigkeit*) of the Issuer within the meaning of Section 18 InsO on the date of redemption and (ii) the payment of the Redemption Amount or the purchase price for the Capital Notes will not result in an over-indebtedness (*Überschuldung*) of the Issuer within the meaning of Section 19 InsO, in an illiquidity (*Zahlungsunfähigkeit*) of the Issuer within the meaning of Section 17 InsO or in an imminent illiquidity (*drohende Zahlungsunfähigkeit*) of the Issuer within the meaning of Section 18 InsO.

Moreover, any redemption by the Issuer of the Capital Notes will be at the Issuer's full discretion. Prospective investors in the Capital Notes should be aware that the Issuer may decide not to redeem or repurchase the Capital Notes for any reason and that, even if the Issuer were willing to redeem or repurchase the Capital Notes, the Issuer could be prevented from doing so due to future restrictions that may be outside the Issuer's control.

Certain market expectations may exist among investors in the Capital Notes with regard to the Issuer making use of a right to call the Capital Notes for redemption. Should the Issuer's actions diverge from such expectations or should the Issuer be prevented from meeting such expectations for regulatory reasons, the market value of the Capital Notes could be adversely affected and the liquidity of the Capital Notes could be reduced.

Therefore, Holders should be aware that they may be required to bear the financial risks of an investment in the Capital Notes for an indefinite period of time.

- ***The Capital Notes can be redeemed by the Issuer at any time in its sole discretion under certain regulatory or tax reasons. In such case, the Redemption Amount may be substantially lower than the initial principal amount of the Capital Notes due to a write-down that has not been fully written up. In case of a write-down to zero, this may result in a total loss of all money invested in the Capital Notes.***

The Capital Notes may be redeemed at any time, in whole but not in part, subject to prior approval by the competent supervisory authority (which is subject to certain conditions, see Articles 77 and 78 CRR), and, if applicable, without any previous write-down having been written up (a) for regulatory reasons, if there is a change in the regulatory classification of the Capital Notes that would be likely to result in (i) their exclusion in full or in part from the Issuer's own funds under the CRR or (ii) a reclassification as a lower quality form of the Issuer's own funds than their classification as of the issue date, provided that in respect of a redemption prior to the fifth anniversary of the issue date of the Capital Notes the conditions in Article 78(4)(a) CRR are met, pursuant to which the competent supervisory authority may approve such redemption only if (x) it considers the change in the regulatory classification to be sufficiently certain, and (y) the Issuer demonstrates to its satisfaction that the regulatory reclassification of the Capital Notes was not reasonably foreseeable at the issue date of the Capital Notes, or (b) for tax reasons, if the tax treatment of the Capital Notes, due to a change in applicable legislation or relevant court rulings, including a change in, or amendment to, any fiscal laws, regulations or practices, which takes effect after the Interest Commencement Date, changes (including but not limited to the tax deductibility of interest payable on the Capital Notes or, if any withholding or deduction of taxes is imposed and required by law, the obligation of the Issuer to pay additional amounts to cover the amounts so withheld or deducted (the "**Additional Amounts**") in accordance with the Terms and Conditions), provided that in respect of a redemption prior to the fifth anniversary of the issue date of the Capital Notes the conditions in Article 78(4)(b) CRR are met, pursuant to which the competent supervisory authority may approve such redemption only if there is a change in the applicable tax treatment of the Capital Notes which the Issuer demonstrates to its satisfaction is material and was not reasonably foreseeable at the issue date of the Capital Notes. Any changes in the tax treatment of the Capital Notes resulting in a withholding or deduction of taxes on amounts payable in respect of the Capital Notes which, however, do not create an obligation of the Issuer to pay Additional Amounts, will not constitute a reason to call the Capital Notes. With regard to the current review of the macroprudential rules contained in the CRR and the CRD conducted by the European Commission and the ECB's proposals regarding changes to Articles 77 and 78 CRR and to certain regulatory requirements applicable to Additional Tier 1 instruments, see "*– The current review of the macroprudential rules contained in the CRR and the CRD could result in changes in law and could affect, amongst others, the regulatory treatment of the Capital Notes and the Issuer's ability to make interest payments on the Capital Notes and to redeem or repurchase the Capital Notes.*"

In addition, the Capital Notes may also be redeemed at the option of the Issuer on any business day falling in the period from (and including) the First Redemption Date until (and including) the First Reset Date and on each Interest Payment Date thereafter, but in this case subject only to any previous write-down having been fully written-up, unless the Holders, by way of majority resolution in accordance with the Terms and Conditions and the provisions of the SchVG (German Act on Issues of Debt Securities) consent to a redemption despite previous write-downs not having been fully written-up again. With regard to such potential majority resolution of the Holders see "*– The Terms and Conditions, including the terms of payment of principal and interest are subject to amendments by way of majority resolutions of the Holders, and any such resolution will be binding for all Holders. Any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of Capital Notes outstanding. In case of an appointment of a joint representative, the individual right of a Holder of Capital Notes to pursue and enforce its rights under the Terms and Conditions may be limited.*"

If the Issuer elects, in its sole discretion and subject to prior approval by the competent

supervisory authority, to redeem the Capital Notes, the Capital Notes will be repaid as a consequence thereof. Due to any previous write-downs in accordance with the Terms and Conditions that have not been fully written up, in the cases of a redemption for regulatory or tax reasons (or, in case of a redemption at the option of the Issuer, if the Holders have consented to a redemption below their initial principal amount by way of majority resolution in accordance with the Terms and Conditions and the provisions of the SchVG the amount to be repaid under the Capital Notes, if any, may be substantially lower than the initial principal amount of the Capital Notes, and may also be reduced to zero in which case Holders would not receive any payment of principal and suffer a total loss of all money invested in the Capital Notes (see "*The Redemption Amount and the principal amount of the Capital Notes will be reduced under the Terms and Conditions upon the occurrence of a Trigger Event which may result in loss of Interest Payments, lower Interest Payments as well as lower capital payments upon repayment of the Capital Notes.*").

The discretionary redemption option by the Issuer may limit the market value of the Capital Notes. During any period when the Issuer may elect, or in case of an actual or perceived increased likelihood that the Issuer may elect, to redeem the Capital Notes, the market value of the Capital Notes generally may not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

- ***The announcement of a redemption for regulatory or tax reasons or at the option of the Issuer will not necessarily be followed by an actual redemption of the Capital Notes.***

Any early redemption of the Capital Notes (whether for regulatory or tax reasons or at the option of the Issuer) may only be effected if the Issuer has announced the issuance of the relevant notice of redemption not less than 30 calendar days prior to the day scheduled for redemption (in case of an early redemption for regulatory or tax reasons) and not less than 5 calendar days prior to the day scheduled for redemption (in case of an early redemption at the option of the Issuer). The actual notice of redemption may then be given without prior notice on or before the day scheduled for redemption. However, the Issuer will be under no obligation to issue a notice of redemption on or before the day scheduled for redemption, which means that the Capital Notes might not be redeemed on the day scheduled for redemption stated in the announcement. In particular, the Issuer will not redeem the Capital Notes if a Trigger Event occurs in the period between the announcement of the notice of redemption and the day scheduled for redemption.

Even if a notice of redemption were given by the Issuer and a Trigger Event occurred after the giving of such notice but prior to the relevant date of redemption, the Terms and Conditions provide that the relevant notice of redemption shall automatically be deemed revoked and null and void, the corresponding redemption shall not be made, and the rights and obligations in respect of the Capital Notes shall remain unchanged.

- ***The current review of the macroprudential rules contained in the CRR and the CRD could result in changes in law and could affect, amongst others, the regulatory treatment of the Capital Notes and the Issuer's ability to make interest payments on the Capital Notes and to redeem or repurchase the Capital Notes.***

On 8 July 2021, in preparation for its report to the European Parliament and to the Council on the review of the macroprudential rules contained in the CRR and the CRD (the "**EU Macroprudential Framework**"), the European Commission published a call for advice, inviting the European Banking Authority (EBA), the European Systemic Risk Board (ESRB) and the European Central Bank (ECB) to assist the European Commission in its review of the EU Macroprudential Framework. In its response dated 19 March 2022, the ECB proposed to strengthen the features of Additional Tier 1 instruments by (i) tightening the definition of the term "Available Distributable Items" to the effect that only profitable institutions or institutions with positive retained earnings could pay interest under Additional Tier 1 instruments, in which case the Issuer would be legally prevented from making interest payments on the Capital Notes if these additional conditions were not met at the relevant time (see "*Interest Payments*

depend, among other things, on the Issuer's Available Distributable Items."); (ii) increasing the minimum Common Equity Tier 1 capital ratio specified as trigger level for a write-down (or, as applicable, conversion) of Additional Tier 1 instruments (above the current statutory level of 5.125 per cent); should such trigger level be increased to a level above 7 per cent, there is a risk that the Capital Notes, which provide for a trigger level at 7 per cent, would cease to qualify as Additional Tier 1 capital and that the Issuer could be entitled (but not obliged) to redeem the Capital Notes for regulatory reasons (see "– The Capital Notes can be redeemed by the Issuer at any time in its sole discretion under certain regulatory or tax reasons. In such case, the Redemption Amount may be substantially lower than the initial principal amount of the Capital Notes due to a write-down that has not been fully written up. In case of a write-down to zero, this may result in a total loss of all money invested in the Capital Notes."); and (iii) limiting the possibility for obtaining prior permission of the competent supervisory authority for the call, redemption, repayment or repurchase of Additional Tier 1 instruments in accordance with Articles 77 and 78 CRR in which case the Issuer's ability to call, redeem, repay or repurchase the Capital Notes could be adversely affected (see "– The Capital Notes have no scheduled maturity and the Terms and Conditions do not contain any events of default provision. Any call, redemption, repayment or repurchase of Capital Notes will be subject to prior approval by the competent supervisory authority."). The ECB's response will now be considered by the European Commission, which is requested to submit its report and any legislative proposal by 31 December 2022. As of the date of this Prospectus, it is not foreseeable whether the European Commission will adopt the ECB's proposals and, if so, whether the European Commission's legislative proposal will provide for transitional arrangements for existing Additional Tier 1 instruments.

- ***The Capital Notes may be subject to regulatory restrictions on the offering or sale of regulatory capital notes.***

National and European regulators have highlighted the specific risks involved in an investment of regulatory capital notes, in particular for retail investors. Under the rules set out in the PI Instrument, the United Kingdom Financial Conduct Authority has limited the sale of certain regulatory capital notes, including the Capital Notes, to retail investors.

In addition, Section 65b of the German Securities Trading Act (*Wertpapierhandelsgesetz*), as amended or replaced from time to time ("**WpHG**") (transposing Article 44a(5) BRRD into German law), provides, without prejudice to the conduct of business requirements set out Section 11 of the WpHG (transposing Article 25 of Directive 2014/65/EU (MiFID II) into German law), that, in the EEA, relevant capital instruments within the meaning of Section 2(2) SAG (including the Capital Notes) may only be offered, sold or otherwise made available to any retail investor with a minimum denomination amount of at least EUR 50,000. For these purposes, a retail investor means a person who is a retail client as defined in Section 67(3) WpHG (transposing point (11) of Article 4(1) of MiFID II into German law). The Capital Notes are issued with a denomination amount of CHF 50,000, which at the time of issuance of the Capital Notes is lower than EUR 50,000. Prospective investors in the Capital Notes should be aware that even if the equivalent value of CHF 50,000 exceeded the minimum denomination amount of EUR 50,000, any future change in the value of the Swiss franc against the Euro may impact on the suitability of the Capital Notes for being offered, sold or otherwise made available to any retail investor.

It cannot be excluded that regulators (inside or outside the EEA) will impose further restrictions on the offering or sale of regulatory capital notes (including the Capital Notes), or that the regulatory environment for regulatory capital notes may further change, or that the offering or sale and/or on-sale of regulatory capital notes will be restricted further for certain groups of investors. Any current or future regulatory restriction, especially restrictions for the offering or sale or on-sale of regulatory capital notes which are applicable to the Capital Notes, may have a significant influence on the market price of the Capital Notes.

Risks related to Interest Payments on the Capital Notes

- ***Interest Payments are entirely discretionary and subject to the fulfilment of certain***

conditions. If the Issuer elects not to make an Interest Payment, such cancellation will be non-cumulative, i.e. such Interest Payment will not be paid at any later point of time. There will be no circumstances under which an Interest Payment will be compulsory for the Issuer.

The Capital Notes accrue Interest Payments in accordance with their terms. However, pursuant to the Terms and Conditions, no Interest Payments will accrue or be payable by the Issuer on any Interest Payment Date if (but only to the extent that):

- (i) the Issuer elects, at any time and in its sole discretion, to cancel all or part of any payment of interest; or
- (ii) such payment of interest together with
 - (A) the amount of a write-up, if any, in accordance with the Terms and Conditions to be effected as of the relevant Interest Payment Date;
 - (B) any additional Distributions that are scheduled to be made or have been made on the same day or that have been made by the Issuer on other Tier 1 Instruments in the then current financial year of the Issuer; and
 - (C) the total amount of write-ups, if any, on any other Additional Tier 1 instruments to be effected as of the relevant Interest Payment Date or that have been effected in the then current financial year of the Issuer,

would exceed the Available Distributable Items, provided that, for such purpose, the Available Distributable Items shall be increased by an amount equal to what has been accounted for as expenses for Distributions in respect of Tier 1 Instruments (including payments of interest on the Capital Notes) in the determination of the annual net income (*Jahresüberschuss*) on which the Available Distributable Items are based (see "*– Interest Payments depend, among other things, on the Issuer's Available Distributable Items.*", which also includes definitions of the terms "Distributions", "Tier 1 Instruments" and "Available Distributable Items" used in this paragraph); or

- (iii) if and to the extent a competent supervisory authority orders that all or part of the relevant payment of interest be cancelled; or
- (iv) if and to the extent another prohibition of Distributions is imposed by law or an authority or any other restriction to make Distributions exists under the applicable supervisory regulations (including any restrictions of Distributions in connection with the calculation of the maximum distributable amount (Maximum Distributable Amount (MDA)) within the meaning of Article 141(2) and, if applicable, Article 141b(2) of Directive 2013/36/EU (CRD), including the amendments made by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 (CRD V), as far as transposed into German law (at the time of issuance of the Capital Notes in particular as currently transposed into German law by Section 10i KWG in conjunction with Section 37 of the German Solvency Regulation (*Verordnung zur angemessenen Ausstattung von Instituten, Institutsgruppen, Finanzholding-Gruppen und gemischten Finanzholding-Gruppen – SolvV*)), any restrictions resulting from the Maximum Distributable Amount (MDA), and any other restrictions on Distributions operating as maximum distributable amount under the then applicable supervisory regulations requiring a maximum distributable amount to be calculated if the Issuer and/or the Issuer's group is failing to meet any capital adequacy or buffer requirements applicable to the Issuer and/or the Issuer's group at the relevant point in time, such as the maximum distributable amount related to the minimum requirement for own funds and eligible liabilities (M-MDA) pursuant to Article 16a(1) BRRD, introduced by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 ("**BRRD II**") and transposed into German law by Section 58a SAG (see "*– Interest Payments may be cancelled for regulatory reasons and thus not be payable.*"); or
- (v) if the Issuer is over-indebted (*überschuldet*) within the meaning of Section 19 InsO or illiquid (*zahlungsunfähig*) within the meaning of Section 17 InsO or there is an imminent illiquidity

(*drohende Zahlungsunfähigkeit*) of the Issuer within the meaning of Section 18 InsO on the relevant Interest Payment Date, or to the extent that the relevant payment of interest would result in an overindebtedness (*Überschuldung*) of the Issuer within the meaning of Section 19 InsO or in an illiquidity (*Zahlungsunfähigkeit*) of the Issuer within the meaning of Section 17 InsO or in an imminent illiquidity (*drohende Zahlungsunfähigkeit*) of the Issuer within the meaning of Section 18 InsO.

The Issuer may make the election to cancel the payment of any Interest Payment (in whole or in part) on any Interest Payment Date for any reason. Prospective investors in the Capital Notes should be aware that, even if the Issuer were willing to make an Interest Payment, the Issuer could be prevented from doing so due to future restrictions that may be outside the Issuer's control.

In addition, the Issuer will be legally prevented to pay interest (in whole or in part) if and to the extent any of the conditions set out under (ii) to (v) above are fulfilled. No such election to cancel the payment of any Interest Payment (or part thereof) or non-payment of any Interest Payment (or part thereof) will entitle the Holders or any other person to demand such payment or to take any action to cause the liquidation, dissolution or winding-up of the Issuer. Likewise, any failure of the Issuer to give notice in respect of a cancellation of interest will not constitute an event of default with respect to the Capital Notes.

If due to any of the conditions set out above Interest Payments do not accrue and are not payable on any Interest Payment Date, such Interest Payment will not be paid at any later point of time (non-cumulative). Accordingly, Interest Payments on following Interest Payment Dates will not be increased to compensate for any shortfall in Interest Payments on any previous Interest Payment Date. To the extent that payments of interest are cancelled, such cancellation includes all Additional Amounts payable pursuant to the Terms and Conditions. Any accrued but unpaid interest on the Capital Notes up to (and including) a Trigger Event (whether or not such interest has become due for payment) shall be automatically cancelled. For the avoidance of doubt, any accrued but unpaid interest from the Trigger Event up to (and including) the effective date of the relevant write-down shall also be automatically cancelled even if no notice has been given to that effect.

Furthermore, if the Issuer exercises its discretion not to pay interest on the Capital Notes on any Interest Payment Date, this will not give rise to any restriction on the Issuer making distributions or any other payments to the holders of any instruments ranking *pari passu* with, or junior to, the Capital Notes.

• ***Investors should be aware that there will be no circumstances under which an Interest Payment will be compulsory for the Issuer and that actual or expected cancellations of Interest Payments may have a negative impact on the market value of the Capital Notes.***

Certain market expectations may exist among investors in the Capital Notes with regard to the Issuer making Interest Payments. Should the Issuer's actions diverge from such expectations or should the Issuer be prevented from meeting such expectations for regulatory reasons, any such event which could result in an Interest Payment not being made or not being made in full may adversely affect the market value of the Capital Notes and reduce the liquidity of the Capital Notes.

• ***Interest Payments depend, among other things, on the Issuer's Available Distributable Items.***

The amounts payable as Interest Payments under the Capital Notes depend, among other things, on the future Available Distributable Items of the Issuer. Interest Payments will not accrue if (but only to the extent that) such payment, together with the amount of a write-up, if any, in accordance with the Terms and Conditions, any additional Distributions that are scheduled to be made or have been made on the same day or have been made by the Issuer on other Tier 1 Instruments in the then current financial year and the total amount of write-ups, if any, on any other Additional Tier 1 instruments to be effected as of the relevant Interest Payment Date or that have been effected in the then current financial year of the Issuer, would exceed Available Distributable Items, provided, however, that for purposes of

this determination the Available Distributable Items shall be increased by an amount equal to the aggregate amount accounted for as expenses for Distributions on Tier 1 instruments (including payments of interest on the Capital Notes) when determining the annual net income (*Jahresüberschuss*) which forms the basis of the Available Distributable Items (see "*–Interest Payments are entirely discretionary and subject to the fulfilment of certain conditions. If the Issuer elects not to make an Interest Payment, such cancellation will be non-cumulative, i.e. such Interest Payment will not be paid at any later point of time. There will be no circumstances under which an Interest Payment will be compulsory for the Issuer.*"). In such event, Holders would receive no, or reduced, Interest Payments on the relevant Interest Payment Date. With the annual profit and any distributable reserves of the Issuer forming an essential part of the Available Distributable Items, investors should also carefully review the section "*– Risks arising from regulatory provisions in relation to the Capital Notes and the Bank*" since any change in the financial prospects of the Issuer or its inherent profitability, in particular a reduction in the amount of profit and/or distributable reserves on an unconsolidated basis, may have an adverse effect on the Issuer's ability to make a payment in respect of the Capital Notes. In addition, current or future legal requirements applicable to the Issuer regarding distributions will influence the level of Available Distributable Items. With regard to the current review of the macroprudential rules contained in the CRR and the CRD conducted by the European Commission and the ECB's proposals relating to the definition of the term "Available Distributable Items", see "*– The current review of the macroprudential rules contained in the CRR and the CRD could result in changes in law and could affect, amongst others, the regulatory treatment of the Capital Notes and the Issuer's ability to make interest payments on the Capital Notes and to redeem or repurchase the Capital Notes.*"

"Available Distributable Items" means the available distributable items of the Issuer within the meaning of Article 4(1)(128) CRR, as amended or replaced from time to time. At the time of the issuance of the Capital Notes, "Available Distributable Items" (pursuant to Article 4(1)(128) CRR, as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (CRR II)) means, with respect to any payment of interest, the annual net income (*Jahresüberschuss*) as of the end of the financial year of the Issuer immediately preceding the relevant Interest Payment Date, for which audited annual financial statements are available, plus (i) any profits brought forward (*vorgetragene Gewinne*) and reserves available for that purpose before Distributions to holders of own funds instruments, minus (ii) any losses carried forward and any profits which are non-distributable pursuant to the applicable laws of the European Union or the Federal Republic of Germany or the articles of association of the Issuer and any amounts allocated to the non-distributable reserves pursuant to the applicable laws of the European Union or the Federal Republic of Germany or the articles of association of the Issuer, in each case with respect to the specific category of own funds of the Capital Notes as Additional Tier 1 instruments to which the applicable laws of the European Union or the Federal Republic of Germany or the articles of association of the Issuer relate, provided that the distributable items and the relevant profits, losses and reserves shall be determined on the basis of the unconsolidated annual financial statements (*Jahresabschluss*) of the Issuer and not on the basis of its consolidated financial statements, if any.

"CRR" means Regulation (EU) No 575/2013 of the European Parliament and the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (including any applicable provisions of regulatory law supplementing this Regulation), as amended or replaced from time to time, in particular by the Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (CRR II) amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012; to the extent that any provisions of the CRR are amended or replaced, the reference to provisions of the CRR as used in the Terms and Conditions shall refer to such amended provisions or successor provision from time to time.

"Distributions" means any kind of payment of dividends or interest.

"Tier 1 Instruments" means capital instruments issued by the Issuer which qualify as Common Equity Tier 1 instruments in accordance with Articles 28 to 31 of the CRR (including, but not limited to, any capital instrument or other instrument that, at the relevant time, qualifies in whole or in part as a Common Equity Tier 1 item pursuant to the then applicable transitional provisions under the CRR) or Additional Tier 1 instruments in accordance with Article 52 to 55 of the CRR (including, but not limited to, any capital instrument or other instrument that, at the relevant time, qualifies in whole or in part as an Additional Tier 1 item pursuant to the then applicable transitional provisions under the CRR).

The Issuer's management has broad discretion within the applicable accounting principles to influence the amounts relevant for determining the Available Distributable Items and the amount of the Distributions will also be in the Issuer's discretion. Accordingly, the Issuer is legally capable of influencing its ability to make Interest Payments to the detriment of the Holders.

- ***Interest Payments may be cancelled for regulatory reasons and thus not be payable.***

Interest Payments will also be excluded if (and to the extent) the competent supervisory authority instructs the Issuer to cancel an Interest Payment or such Interest Payment is prohibited by law or administrative order on any Interest Payment Date.

The CRR prohibits the Issuer from making an Interest Payment if (but only to the extent that) the relevant Interest Payment would exceed the Issuer's Available Distributable Items as determined in accordance with the Terms and Conditions or if such payment does not meet any of the other conditions set out in Article 52(1) lit. (l) CRR. However, it cannot be excluded that the European Union and/or the Federal Republic of Germany and/or a competent authority enacts further legislation or amends existing legislation or changes its interpretation and application of existing legislation, in each case affecting the Issuer and thereby the Issuer's ability to make Interest Payments on any Interest Payment Date.

Pursuant to Section 45 (1) and (2) no. 7 KWG, the competent supervisory authority may require the Issuer to cancel payments of profit-related income (*gewinnabhängigen Erträgen*) on own funds instruments in whole or in part without substitution to the extent such profit-related income is not fully covered by annual profit (*Jahresüberschuss*), if the development of the Issuer's assets, finances or earnings or other circumstances justify the assumption that the Issuer does not meet or is not likely to meet in the future any the following requirements:

- (1) the minimum capital requirements of Articles 92 to 386 CRR or the additional capital requirements imposed on the Issuer in accordance with Section 10(3) and (4) KWG,
- (2) the liquidity requirements of Articles 412 and 413 CRR or Section 11 KWG,
- (3) the additional capital requirements imposed on the Issuer in accordance with Section 6c KWG on the basis of the findings made during the annual supervisory review and evaluation process ("**SREP**") (the so-called "**Pillar 2 Requirement**" or "**P2R**"),
- (4) the combined capital buffer requirement pursuant to Section 10i KWG, including the capital conservation buffer (as transposed into German law by Section 10c KWG), the institution-specific countercyclical capital buffer (as transposed into German law by Section 10d KWG), the systemic risk buffer (as transposed into German law by Section 10e KWG) and, if applicable, either the global systemically important institutions ("**G-SII**") buffer (as transposed into German law by Section 10f KWG) or the other systemically important institutions ("**O-SII**") buffer (as transposed into German law by Section 10g KWG),
- (5) the minimum requirement for own funds and eligible liabilities ("**MREL**") and the requirement for loss absorbing capital pursuant to Sections 49 to 51 SAG, or
- (6) the requirements of Section 51a(1) or (2) KWG or Section 51b KWG, which are, however, not applicable to the Issuer as of the date of this Prospectus.

The Issuer takes the view that the term "profit-related income" (*gewinnabhängige Erträge*) does not include the interest payable in respect of the Capital Notes, because they are owed at the applicable

Rate of Interest (as defined in the Terms and Conditions) and calculated on the basis of the current principal amount of the Capital Notes outstanding from time to time. The interpretation of the term "profit-related income" and its exact scope are, in the absence of an established supervisory practice, difficult to predict and there can be no assurance that the Capital Notes may not become subject to measures taken in accordance with Section 45(2) no. 7 KWG.

Pursuant to Article 16 (2)(i) of the Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions ("**SSM Regulation**"), the competent supervisory authority may restrict or prohibit distributions by the Issuer to holders of Additional Tier 1 instruments if

(a) the Issuer does not meet the requirements of the acts referred to in Article 4(3) subpara. 1 SSM Regulation, including (but not limited to) the CRR, the CRD and the national legislation transposing the CRD,

(b) the competent supervisory authority has evidence that the Issuer is likely to breach the requirements of the above-mentioned acts referred to in Article 4(3) subpara. 1 SSM Regulation within the next 12 months or

(c) based on a determination, in the framework of a supervisory review in accordance with Article 4(1)(f) SSM Regulation, including (but not limited to) the annual supervisory review and evaluation process (SREP), that the arrangements, strategies, processes and mechanisms implemented by the Issuer and the own funds and liquidity held by it do not ensure a sound management and coverage of its risks where the prohibition does not constitute an event of default of the institution.

If the Issuer does not meet the combined capital buffer requirement pursuant to Section 10i KWG, which is the case if the Issuer does not have sufficient own funds of the required qualities, as applicable, in an amount needed to meet at the same time

(a) its minimum capital requirements of Articles 92(1) CRR, namely a total capital ratio of 8 per cent, a Tier 1 capital ratio of 6 per cent and a Common Equity Tier 1 capital ratio of 4.5 per cent, each such ratio expressed as a percentage of the total risk exposure amount ("**TREA**") of the Issuer or, if applicable, the Issuer's group at the relevant point in time,

(b) its additional capital requirements addressing risks other than the risk of excessive leverage imposed on it in accordance with Section 6c KWG on the basis of the findings made during annual SREP (Pillar 2 Requirement or P2R), and

(c) the combined capital buffer requirement pursuant to Section 10i KWG, including the capital conservation buffer (as transposed into German law by Section 10c KWG), the institution-specific countercyclical capital buffer (as transposed into German law by Section 10d KWG), the systemic risk buffer (as transposed into German law by Section 10e KWG) and, if applicable, either the global systemically important institutions (G-SII) buffer (as transposed into German law by Section 10f KWG) or the other systemically important institutions (O-SII) buffer (as transposed into German law Section 10g KWG), the Issuer will be restricted from making Interest Payments on the Capital Notes in certain circumstances (set out in Section 10i KWG in conjunction with Section 37 SolvV) until the competent authority has approved a capital conservation plan in which the Issuer needs to explain how it can be ensured that the Interest Payments and certain other discretionary payments, including distributions on Common Equity Tier 1 instruments and variable compensation payments, do not exceed the maximum distributable amount. The maximum distributable amount is calculated as a percentage of the profits of the institution since the last distribution of profits as further defined in Section 37(2) SolvV. The applicable percentage is scaled according to the extent of the breach of the combined buffer requirement. As an example, if the scaling is in the bottom quartile of the combined buffer requirement, no discretionary distributions will be permitted to be paid. As a consequence, in the event of breach of the combined buffer requirement it may be necessary to reduce discretionary payments, including potentially exercising the Issuer's discretion to cancel, in whole or in part, Interest Payments in respect of the Capital Notes.

Again, it cannot be excluded that the European Union and/or the Federal Republic of Germany and/or the competent authority enacts further legislation or amends existing legislation or changes its interpretation and application of existing legislation, in each case affecting the Issuer and thereby also adversely affecting the right of the Holders to receive Interest Payments on any Interest Payment Date.

On 27 June 2019, the banking reform package ("**Banking Reform Package**") published in the Official Journal of the European Union on 7 June 2019 and amending the CRD, CRR, BRRD and the SRM Regulation came into force. The amendments to the CRD and the BRRD have been transposed into German law by the German Act on the implementation of Directives (EU) 2019/878 and (EU) 2019/879 on the Reduction of Risks and Strengthening of Proportionality in the Banking Sector of 9 December 2020 (*Risikoreduzierungs-gesetz* – "**RiG**").

The Banking Reform Package revised the requirements for capital buffers set out in Articles 131 and 133 CRD as transposed into German law by Sections 10e, 10f, 10g and 10h KWG. These changes mainly affect global systemically important institutions (G-SII) and other systemically important institutions (O-SII). Further, the Banking Reform Package introduced an additional leverage ratio buffer that global systemically important institutions (G-SII) have to comply with from 1 January 2023. As of the date of this Prospectus, the Issuer is neither classified as other systemically important institution nor as global systemically important institution by the competent authority and will therefore probably not be affected by these changes.

Further amendments to the BRRD, the CRR and the SRM Regulations introduced by the Banking Reform Package contain more detailed provisions for the minimum requirement for own funds and eligible liabilities (MREL) in Articles 45 to 45m BRRD (as transposed into German law by Sections 49 to 50 SAG) and Articles 12a to 12k SRM Regulation and the implementation of the so-called total loss-absorbing capacity ("**TLAC**") requirement into European law in Articles 92a and 92b CRR. Both the MREL and the TLAC requirement aim to ensure that banks maintain sufficient eligible liabilities that can be written down or converted to equity in the event of a resolution. The TLAC requirement was established by the Financial Stability Board ("**FSB**") in 2015 and is only applicable to global systemically important institutions (G-SIIs) and, as of the date of this Prospectus, not applicable to the Issuer. By contrast, the MREL was developed by the European legislator and is generally applicable to all institutions including the Issuer.

The MREL can be met by using (i) own funds, (ii) subordinated liabilities, (iii) non-preferred non-subordinated liabilities (such as the preferred senior notes of the Issuer under its debt issuance programme), and (iv) preferred non-subordinated liabilities (such as the non-preferred senior notes of the Issuer under its debt issuance programme) (with characteristics of eligible liabilities). Under certain conditions, grandfathering rules may apply to existing eligible liabilities.

According to Article 16a BRRD, as transposed into German law by Section 58a SAG, the resolution authority has, under certain circumstances, the power to prohibit an institution from distributing more than the maximum distributable amount related to the minimum requirement for own funds and eligible liabilities (M-MDA) if the institution meets the combined buffer requirement set out in Article 128(6) CRD, as transposed into German law by Section 10i KWG, but fails to meet the combined buffer requirements when also taking into account the MREL under the BRRD. In this situation an institution shall notify the resolution authority. Pursuant to Article 16a(3) BRRD, as transposed into German law by Section 58a(3) SAG, the resolution authority, after consulting the competent authorities shall exercise the power to prohibit the relevant distributions if the institution is still in this situation nine months after it has been notified, unless any exceptions as defined in more detail by law are applicable. Under Article 10a(3) SRM Regulation the Single Resolution Board ("**SRB**") has the same powers.

As part of the supervisory review and evaluation process (SREP) pursuant to Article 97 CRD, as transposed into German law by Section 6b KWG, the competent authority may require the Issuer to maintain additional own fund and liquidity ratios and additional capital requirements (Pillar 2 Requirement or P2R) in accordance with Article 104a CRD, as transposed into German law in Section 6c KWG. On 24 January 2022, the competent authority notified the Issuer of its decision that it

determined a Pillar 2 Requirement of 1.75 per cent for 2022. The competent authority requires that the Issuer meets its 1.75 per cent Pillar 2 Requirements with own funds. At least 1.31 per cent of these Pillar 2 Requirements must be met with Tier 1 capital (including AT1), of which at least 0.98 per cent must be met with Common Equity Tier 1 capital. If the Issuer fails to meet the minimum own funds requirements, including the minimum capital ratio pursuant to Article 92(1) CRR, the P2R and the combined capital buffer requirement pursuant to Section 10i KWG, distribution restrictions and prohibitions are either directly applicable by law or can be set by the competent authorities. Such restrictions or prohibitions may affect both dividend distributions to the shareholders of the Issuer and Interest Payments. In addition, it cannot be ruled out that the competent authority restricts or prohibits Interest Payments before the Issuer fails to meet the required minimum CET1 ratio, Tier 1 capital ratio and/or total capital ratio if the competent authority has received information suggesting that the Issuer will fail to meet the ratio within the next twelve months.

Obligations imposed with regard to additional capital requirements may be withdrawn or amended by the competent authority at any time. The competent authority is also required to review the Pillar 2 Requirement at least annually. Accordingly, the requirements may change from year to year. Any additional capital requirement imposed on the Issuer by the competent authority may result in the Issuer being subject to capital requirements which are higher than those resulting from the full application of CRR/CRD. It cannot be guaranteed that the Issuer will further be able to meet these capital ratios in the future.

Accordingly, even if the Issuer was intrinsically profitable and willing to make Interest Payments, it could be prevented from doing so by regulatory provisions and/or regulatory action. In all such instances, Holders would receive no, or reduced, Interest Payments on the relevant Interest Payment Date.

- ***Holders of the Capital Notes are exposed to risks associated with callable fixed to reset rate notes which may adversely affect the market value of and return on the Capital Notes.***

According to the Terms and Conditions, the interest rate of the Capital Notes is initially fixed until the First Reset Date of the Capital Notes and, thereafter, unless the Capital Notes are previously redeemed or repurchased and cancelled, the interest rate will be determined by the Calculation Agent for each five year period commencing on a Reset Date and ending on the fifth anniversary of the immediately preceding Reset Date (the First Reset Date and each such fifth anniversary a "**Reset Date**" and the relevant period from (but excluding) a Reset Date to (and including) the next Reset Date a "**Reset Period**") on an interest level, which will be equal to the reference rate in relation to the relevant Reset Period, plus a margin of 4.945 per cent. *per annum*. The reference rate in relation to each Reset Period will be the five-year CHF mid-market swap rate with a floating leg based on SARON (Swiss Average Rate Overnight) (the "**Mid-Swap Rate**") that appears on the relevant screen page at or about 11.00 a.m. (Zurich time) on the relevant interest determination date (or, as applicable, a successor reference rate or substitute reference rate; see "*— Holders of the Capital Notes are exposed to risks related to the method pursuant to which the reference rate is determined which may adversely affect the market value of and return on the Capital Notes.*"), as determined by the Calculation Agent in accordance with § 4 of the Terms and Conditions. The interest rate applicable to any Reset Period may be less than the initial fixed interest rate and/or the interest rate that applied in respect of the preceding Reset Period, which could affect the amount of any interest payments under the Capital Notes and, consequently, the market value of the Capital Notes.

- ***Holders of the Capital Notes are exposed to risks related to the method pursuant to which the reference rate is determined which may adversely affect the market value of and return on the Capital Notes.***

Pursuant to the Terms and Conditions, if in relation to a Reset Period, the Mid-Swap Rate does not appear on the relevant screen page at the relevant time on the relevant interest determination date, a fallback mechanism provides that the reference rate in relation to such Reset Period will be determined by the Calculation Agent by averaging quotes obtained from reference banks, if available,

or, if no such quotes are available, will be equal to the Mid-Swap Rate last displayed on the relevant screen page prior to such interest determination date.

Notwithstanding the fallback mechanism described above, if on any interest determination date the Mid-Swap Rate or, as applicable, a successor reference rate or substitute reference rate (together with the Mid-Swap Rate referred to as the "**Reference Rate**") has ceased to be calculated or administered, or is permanently not available for any other reason, or it is unlawful for any Paying Agent, the Calculation Agent, the Issuer or any other party to use the Reference Rate to calculate or determine the interest rate on the Capital Notes, the Reference Rate will, for the remaining life of the Capital Notes, be replaced with the Reference Rate that is officially announced as the successor reference rate to the Reference Rate (the "**Successor Reference Rate**"), or, if there is no such rate, a substitute reference rate that, in the opinion of the Issuer (following consultation with the Calculation Agent), comes as close as possible to the composition of the Reference Rate (the "**Substitute Reference Rate**"), in each case, in accordance with § 4(2)(b) of the Terms and Conditions. If a Successor Reference Rate or a Substitute Reference Rate is so determined, the Issuer (following consultation with the Calculation Agent), will also determine whether adjustments to § 4 of the Terms and Conditions are necessary in connection with the replacement of the Reference Rate with such Successor Reference Rate or Substitute Reference Rate, as applicable, in order to (i) achieve that the original Reference Rate and such Successor Reference Rate or the Substitute Reference Rate, as applicable, will be commercially equivalent to each other (and such adjustments may include, amongst others, that an adjustment spread is determined) or (ii) ensure the proper operation of such Successor Reference Rate or Substitute Reference Rate, as applicable. If the Issuer determines that any such adjustments are necessary, it will provide for such adjustments taking into account the customary market practice in respect of such Successor Reference Rate or Substitute Reference Rate, as applicable. The use of a Successor Reference Rate or a Substitute Reference Rate (including the determination to use (or not use) an adjustment spread) may result in interest payments that are substantially lower than or that do not otherwise correlate over time with the payments that could have been made on the Capital Notes if the Mid-Swap Rate was still available in the form it was available as of the Issue Date.

Furthermore, the exercise by the Issuer of the discretion described above could adversely affect the market price of the Capital Notes and/or may present the Issuer with a conflict of interest. If on any interest determination date the Reference Rate has ceased to be calculated or administered or is permanently not available for any other reason or it is unlawful for any Paying Agent, the Calculation Agent, the Issuer or any other party to use the Reference Rate to calculate or determine the interest rate on the Capital Notes, but the Issuer is unable to determine a Successor Reference Rate or a Substitute Reference Rate, the Reference Rate for the relevant Reset Period will be equal to the Reference Rate last displayed on the relevant screen page prior to such interest determination date. Such conditions may persist for successive Reset Periods such that the Capital Notes will maintain the same interest rate for an indefinite period of time and even permanently. In such cases, the interest payments may be lower than those that would potentially have been made on the Capital Notes if a Successor Reference Rate or a Substitute Reference Rate had been determined.

• ***Movements of the market interest rate and/or the credit risk premium can adversely affect the price of the Capital Notes and lead to losses upon a sale.***

The Holders of the Capital Notes are exposed to the risk that the price of the Capital Notes falls as a result of changes in the market interest rate or the premium the market applies to the risks relating to the Issuer or the Issuer's capital ("**credit risk premium**"). While the current interest rate on the capital market ("**market interest rate**") and the credit risk premium typically changes on a daily basis, the interest rate of the Capital Notes is initially fixed until the First Reset Date and, thereafter, unless the Capital Notes are previously redeemed or repurchased and cancelled, the interest rate applicable to the Capital Notes for the relevant Reset Period will be fixed by the Calculation Agent at five year intervals. As the market interest rate and/or the credit risk premium changes, the price of the Capital Notes also changes, but in the opposite direction. If the market interest rate or the credit risk premium increases, the price of the Capital Notes typically falls and if the market interest rate or the credit risk

premium falls, the price of the Capital Notes typically increases. Hence, Holders should be aware that movements of the market interest rate and the credit risk premium are independent from each other and that movements of the market interest rate and/or the credit risk premium can adversely affect the price of the Capital Notes and can lead to losses.

- ***Risks associated with the reform of interest rate benchmarks***

The Terms and Conditions provide that, in respect of each Reset Period, the rate of interest applicable under the Capital Notes is to be calculated by reference to the five year CHF mid-market swap rate with a floating leg based on SARON (Swiss Average Rate Overnight).

Interest rates or other types of rates and indices which are deemed "benchmarks" (each a "**Benchmark**" and together, the "**Benchmarks**") have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such Benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Capital Notes which are linked to such a Benchmark.

International proposals for a reform of Benchmarks included and lead to the European Council's regulation (EU) 2016/1011 of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No. 596/2014 (the "**Benchmark Regulation**") which is fully applicable since 1 January 2018.

The Benchmark Regulation could have a material impact on notes linked to a Benchmark, in particular in any of the following circumstances:

- a rate or index which is a Benchmark may only be used if its administrator obtains authorisation or is registered and in case of an administrator which is based in a non-EU jurisdiction, if the administrator's legal benchmark system is considered equivalent (Article 30 of the Benchmark Regulation), the administrator is recognised (Article 32 of the Benchmark Regulation) or the Benchmarks is endorsed (Article 33 of the Benchmark Regulation) (subject to applicable transitional provisions). If this is not the case, notes linked to such Benchmarks, including the Capital Notes, could be impacted; and
- the methodology or other terms of the Benchmark could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could have a (negative) impact on the Capital Notes, including determination of the Reference Rate by the Calculation Agent.

In addition to the aforementioned Benchmark Regulation, there are numerous other proposals, initiatives and investigations which may impact Benchmarks.

Following the implementation of any such potential reforms, the manner of administration of Benchmarks may change, with the result that they may perform differently than in the past, or Benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted.

Following the First Reset Date, interest amounts payable on the Capital Notes are expected to be calculated by reference to the five year CHF mid-market swap rate with a floating leg based on SARON (Swiss Average Rate Overnight) determined on the interest determination date for the relevant Reset Period (as further specified in the Terms and Conditions). As at the date of this Prospectus, SIX Index AG (the administrator of SARON) is included in the register of administrators under the Benchmark Regulation. However, no guarantee can be given that SARON will meet the requirements under the Benchmark Regulation on any relevant interest determination date and that SARON will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in the Capital Notes.

If, on any interest determination date, a Benchmark relevant for determining the Reference Rate in accordance with the Terms and Conditions were to be discontinued or otherwise unavailable, the rate of interest for the Capital Notes will be determined for the relevant Reset Period by the fall-back provisions applicable to the Capital Notes (see "*– Holders of the Capital Notes are exposed to risks related to the method pursuant to which the reference rate is determined which may adversely affect the market value of and return on the Capital Notes.*"). Notwithstanding these fall-back provisions, the discontinuance of the Reference Rate may adversely affect the market value of the Capital Notes.

Any changes to such Benchmark as a result of the Benchmark Regulation or other initiatives, could have a material adverse effect on the costs of refinancing such Benchmark or the costs and risks of administering or otherwise participating in the setting of such Benchmark and complying with any such regulations or requirements. Although it is uncertain whether or to what extent any of the above-mentioned changes and/or any further changes in the administration or method of determining such Benchmark could have an effect on the value of the Capital Notes linked to such Benchmark, investors should be aware that any changes to such Benchmark may have a material adverse effect on the value of the Capital Notes.

Risks arising from regulatory provisions in relation to the Capital Notes and the Bank

- ***Ever stricter regulatory capital and liquidity standards and procedural and reporting requirements and additional new regulatory framework may call into question the business model of a number of the Issuer's activities, adversely affect the Issuer's competitive position, reduce the Issuer's profitability or make the raising of additional equity capital necessary.***

The national and international regulations of various legislators, supervisory authorities and standard-setting bodies (e.g. the Basel Committee on Banking Supervision ("**BCBS**"), the the European Union, the European Commission, the European Banking Authority ("**EBA**"), the European Central Bank ("**ECB**"), the Single Resolution Board (SRB), the German legislator, the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – "**BaFin**"*) have made regulatory capital and liquidity standards as well as procedural and reporting requirements for financial institutions increasingly stricter in recent years.

In some cases, this took place in close cooperation with the affected institutions and over long implementation periods; in other cases, without consultation and with very short implementation periods. It can be expected that such measures will equally be carried out with either longer or shorter implementation periods in the future. The business volume and business activity of the various business divisions of the Issuer are materially affected by regulatory capital requirements, which are based on the ratio of certain capital components to risk-weighted assets ("**RWA**"). The same applies to rules on liquidity management with requirements for liquidity buffers.

On 27 June 2019, the Banking Reform Package published in the Official Journal of the European Union on 7 June 2019 and amending the CRD, CRR, BRRD and the SRM Regulation came into force. The Banking Reform Package implemented, *inter alia*, parts of the revised Basel standards (so-called Basel III and Basel IV). As part of the Banking Reform Package, new regulations have been introduced while others have become more stringent. The Banking Reform Package included, among others:

- a binding leverage ratio requirement set at 3 per cent of the institution's Tier 1 capital (see below).
- a net stable funding ratio ("**NSFR**") requirement aimed at matching exposures with stable funding sources, complementing the liquidity coverage framework including monitoring of the liquidity coverage ratio ("**LCR**").
- a revised framework for the calculation of capital requirements for counterparty credit risk ("**CCR**") including the introduction of a new standardised approach for counterparty credit risk ("**SA-CCR**") and revised rules for the calculation of exposures to central counterparties ("**CCPs**").

- a revised framework for additional capital requirements (Pillar 2 Requirement or P2R), combined buffer requirements (see below) and for the competent authority's right to determine the overall level of own funds of the institution that the competent authority considers appropriate (the so-called "**Pillar 2 Guidance**" or "**P2G**").
- targeted amendments to the credit risk framework to facilitate the disposal of non-performing exposures ("**NPEs**") (see below).
- a revised framework for the identification, evaluation and managing of interest risk arising from non-trading book activities (so-called "interest rate risk in the banking book" or "**IRRBB**"), which authorises the competent authority to require an institution to use the standardised methodology, as further defined by regulatory technical standards adopted by the European Commission (Article 84(3) CRD) and which may lead to additional capital requirements imposed by the competent authority in accordance with Section 6c(2) KWG.
- A revised large exposure framework, which includes the introduction of (i) Tier 1 capital as the new capital base for the calculation of the large exposures limits and (ii) a new 15 per cent limit on the exposures that global systemically important institutions (G-SII) may have towards other G-SIIs. As of the date of this Prospectus, the Issuer is neither classified as other systemically important institution nor as global systemically important institution by the competent authority. However, the introduction of the new capital base may result in large exposure limits being earlier exhausted.
- enhanced minimum requirement for own funds and eligible liabilities (MREL) with subordination rules.

These revisions in part ease and in other parts tighten capital requirements. Rules that may tighten capital requirements include, *inter alia*, the revised large exposure framework, the new treatment of interest rate risk in the banking book (IRRBB), the revised framework for non-performing exposures (NPEs) or the application of the new standardised approach for counterparty credit risk (SA-CCR) Some of the rules that tighten capital requirements mainly affect global systemically important institutions (G-SII) and other systemically important institutions (O-SII). As of the date of this Prospectus, the Issuer is neither classified as other systemically important institution nor as global systemically important institution by the competent authority and will therefore probably not be affected by these changes.

BaFin set the domestic countercyclical buffer (which is part of the institution-specific countercyclical capital buffer within the meaning of Section 10d KWG) by general administrative act (*Allgemeinverfügung*) of 31 January 2022 to 0.75 per cent, which will be applicable to institutions from 1 February 2023. This follows the buffer being 0 per cent for almost two years, also to mitigate the effects of the COVID 19 pandemic and to prevent overheating of the housing market. It cannot be ruled out that the domestic countercyclical buffer will increase further in the future. Institutions must use the increased domestic countercyclical capital buffer from 1 February 2023. This may result in an increase of the institution-specific countercyclical buffer which may, in turn, lead to higher minimum capital requirements. Further, on 12 January 2022 the BaFin announced, that it intends to order a capital buffer for systemic risks in the amount of 2 per cent pursuant to Sections 10e(1) to (3) and (7) KWG. The capital buffer is to be applied to all sector-specific risk positions of the retail business *vis-à-vis* natural persons located in Germany as well as to all sector-specific risk positions *vis-à-vis* legal persons located in Germany, each of which is secured by real estate liens on residential property. The increase in buffer requirements may result in earlier Distribution restrictions should the MDA limit not be complied with and thus an earlier cancellation of Interest Payments.

Furthermore, the provisions on the deductions to be made from Common Equity Tier 1 capital have been extended considerably. Deductions must be made for minimum value commitments for collective investment undertakings ("**CIUs**") to the extent that the current market value of the shares in CIUs underlying the minimum value commitment exceeds the present value of the minimum value commitment (Article 36(1)(n) CRR).

Additional deductions are required for non-performing exposures (NPEs), which are not sufficiently covered by provisions or other adjustments (Article 36(1)(m) CRR). The new deduction regime is supplemented by new prudential backstop provisions (Article 47a et seq. CRR), which specify the amount of the required minimum provisions, which can be up to 100 per cent, depending on the time elapsed since the initial classification of an exposure as "non-performing" and on whether the NPE is secured or unsecured. The new prudential backstop is applicable to all exposures originated after 26 April 2019 or modified after 26 April 2019 by the institution in a way that increases the institution's exposure to the obligor. It cannot be ruled out that the Issuer may, in the future, be required to make deductions from Common Equity Tier 1 capital for NPEs in accordance with Article 36(1)(m) CRR.

Since the different business activities of the Issuer generate risk assets and bind equity and liquidity to varying degrees, stricter capital and liquidity requirements could force the Issuer to cease business operations that are potentially profitable but are disproportionately capital-intensive or trigger disproportionate liquidity requirements and to switch to potentially less profitable areas. It cannot be ruled out that overall business volumes may have to be reduced as a result of new regulations. In addition to regulatory provisions, the market could require financial institutions such as the Issuer to maintain capital levels above the regulatory minimum, which could exacerbate the aforementioned effects on the Issuer or, should the Issuer not increase, or not be able to increase, its capital to the level demanded, lead to the perception in the market that the Issuer is generally undercapitalised in comparison to its competitors. To the extent that the Issuer will not be able to implement stricter regulatory requirements within a potentially short transition period by establishing a sufficient capital ratio, it may be forced to reduce its RWAs beyond what is envisaged in its current planning. This could impair results of operations of the Issuer. Moreover, the requirements to increase capital ratios could force the Issuer to pursue a strategy that is focused on capital conservation and raising capital instead of generating revenue and growing profit, which in turn may entail a further reduction of profitable RWA.

The Issuer could also be forced to raise additional regulatory capital through capital measures. This involves the general risk that the Issuer may not be able to raise new capital or to improve its capital ratios by other means.

On 27 October 2021, the European Commission published a comprehensive package of reforms with respect to the European Union banking rules (referred to as the "**Banking Package 2021**") to ensure that banks become more resilient to potential future economic shocks while contributing to the EU's recovery from the COVID-19 pandemic and its transition to climate neutrality. The proposals aim to amend the Capital Requirements Regulation (CRR), the Capital Requirements Directive (CRD) and the BRRD. If adopted, the proposals to amend the CRR and CRD (commonly referred to as "**CRR III**" and "**CRD VI**") will, in particular, finalise the implementation of the Basel III framework in the European Union and also fully implement the market risk capital changes in the Fundamental Review of the Trading Book (FRTB). Another separate proposal entails combined amendments to the CRR and the BRRD with respect to the resolution regime.

CRR III and CRD VI include, *inter alia*, a gradually introduced output floor establishing minimum risk-weighted assets that will ultimately be set at 72.5 per cent of the risk-weighted assets calculated under the standardised approach, changes to standardised and internal ratings-based approaches for determining credit risk, changes to the credit valuation adjustment, a revision of the approaches for operational risks and reforms to the market risk framework as set out in the FRTB, adjustments to the Pillar 2 requirements (P2R) and the systemic risk buffer and a "fit-and-proper" set of rules for senior staff managing banks. Other proposed measures are aimed to address sustainability risks by requiring banks to identify, disclose and manage environmental, social and governance risks as part of their risk management which includes regular climate stress testing by the banks' supervisors. The proposal does not entail any adjustments to the capital requirements for green or brown assets. However, the European Commission stated that it is exploring this idea and has asked the EBA to assess possible adjustments. It is expected that the EBA will provide its report in 2023.

The revision of the standardised approach for determining credit risk will increase its risk sensitivity, which may lead to an increase in capital requirements in the following areas: (i) the

calculation of exposure values for off-balance sheet items will be amended by introducing a new credit conversion factor of 40 per cent and by replacing the 0 per cent conversion factor for unconditionally cancellable commitments with a new conversion factor of 10 per cent, which will be phased-in over three years starting 1 January 2030, (ii) in order to discontinue the link between institutions and their government, external ratings should not be used to determine the risk weights of exposures to institutions, if such ratings are based on the assumptions of implicit government support; such institutions shall be treated as unrated and are subject to a new risk assessment approach, which may result in higher risk weights and capital requirements; (iii) the standard risk weight for equity exposures will be increased from 100 per cent to 250 per cent to reflect the higher risk of loss; the new risk weight will be gradually phased-in until 1 January 2030.

The Banking Package 2021 will now be negotiated with EU lawmakers, i.e. the European Parliament and EU Member States. It is expected that CRR III and CRD VI will start entering into force in 2023 at the earliest with the new rules implementing Basel III to apply from 1 January 2025. The European Commission expects that the final implementation of the Basel III framework will lead to an increase in the capital requirements of European banks of less than 3 per cent on average at the beginning of the transitional period in 2025 and of less than 9 per cent at the end of such period in 2030.

The implementation of the remaining outstanding proposals under Basel III as contained in the Banking Package 2021 has the potential to increase the Issuer's risk-weighted assets and will likely affect the Issuer's business by raising the regulatory capital and liquidity requirements and by leading to increased costs. Such requirements may be in addition to regulatory capital buffers that may also be increased or be in addition to those already imposed on the Issuer and could themselves materially increase the Issuer's capital requirements.

In addition to the above, new reform proposals are constantly being discussed. In many cases it is still unclear which of those proposals will be implemented in legislation and, if so, to what extent and under which conditions this will be the case. While the effects of regulatory changes or of new taxes or duties on the Issuer may be limited to additional administrative burdens or the implementation of and compliance with new rules, they may also affect the Issuer's profitability or result in higher financing or capital costs or even in restrictions to the business the Issuer is permitted to conduct.

Moreover, the Issuer will have to implement future changes of the regulatory and bank regulatory framework within the prescribed and often short time limits, as well as ensure compliance therewith. The operational risks and financial consequences of this increasingly strict and growing regulatory framework and its implementation cannot be predicted at present and could exceed the provisions, if any, set up for such purpose. Also, it cannot be guaranteed that compliance with the new regulatory and banking supervisory framework will ensure that the Issuer is effectively and sufficiently protected from future risks in the finance and banking sector.

The realisation of one or more of the risks described above may adversely affect the Issuer's net assets, financial condition and results of operation.

• ***The introduction of a binding leverage ratio as well as an official order of additional equity capital requirements to cover excessive debt may cause additional capital needs and higher refinancing costs to the Issuer when maintaining its current business volume, affect the business model for various activities of the Issuer, adversely affect the competitive position of the Issuer or make it necessary to take other measures.***

Each institution is required to satisfy at all times a leverage ratio of 3 per cent (Article 92(1)(c) CRR). The leverage ratio means the ratio between an institution's Tier 1 capital and its total exposure measure ("**TEM**") expressed as a percentage (Article 429(2) CRR). For the purposes of calculating the leverage ratio, the total exposure measure (TEM) shall be the sum of all exposure values. The individual risk weights assigned to the exposure values are generally not taken into account. Furthermore, credit risk mitigation techniques may be applied in exceptional cases only. The leverage ratio of the Issuer determined in accordance with the full application of CRR provisions was 3.6 per cent as of 31 December 2021.

On the basis of the findings made during the annual supervisory review and evaluation process (SREP), the competent authority may require the Issuer to maintain additional capital requirements (Pillar 2 Requirement or P2R) in accordance with Article 104a CRD, as transposed into German law by Section 6c KWG, to address the risk of excessive leverage.

Disclosure of the Issuer's leverage ratio and its assessment by financial market participants may adversely affect the external assessment of the Issuer's capital position and refinancing costs. In particular, it cannot be ruled out that the disclosure of its leverage ratio may increase the Issuer's costs of obtaining liquidity.

As the Issuer's different business activities tie up Tier 1 capital to different extents, the leverage ratio of 3 per cent or any increase of the leverage ratio may require the Issuer to reduce or discontinue business activities that increase the Issuer's total exposure measure (TEM) significantly or disproportionately, or to reduce its overall business volume. In addition to regulatory requirements, the market may demand from institutions (such as the Issuer) to maintain a higher leverage ratio, which may exacerbate the effects on the Issuer described above or, if the Issuer's leverage ratio remains below that of other market participants for whatever reason, may result in the market perception that the Issuer is generally too heavily indebted compared to its competitors.

Instead of or in addition to a reduction of its overall exposure that may be required, the Issuer may also be obliged to take additional other measures (including capital measures) in order to increase its leverage ratio in view of regulatory requirements or capital market expectations.

The fact that the leverage ratio is not risk-sensitive may cause institutions (such as the Issuer) to grant higher risk loans and/or to make higher risk investments, which generally increases the risks of default or credit deterioration.

The realisation of one or more of the risks described above may adversely affect the Issuer's net assets, financial condition and results of operation.

- ***The supervision of the Issuer under the Single Supervisory Mechanism may influence the business model or competitive environment of the Issuer.***

The European Central Bank (ECB) supervises significant institutions in the meaning and within the framework of the Single Supervisory Mechanism ("**SSM**"). The Issuer is an institution that is subject to supervision by the ECB within the SSM.

The ECB has various discretionary powers, in particular in connection with the exercise of options. It cannot be ruled out that the ECB, in exercising such discretionary powers or in the general approach of its supervisory practice, does not pay consideration or pays only insufficient consideration to national or regional interest or interests of a particular banking industry or of a banking sector (such as, for example, the cooperative banking sector), in order to privilege, in accordance with the maximum harmonisation approach, such conditions that are consistent with the relevant model concept and to demand alignment to the model concept where conditions deviate. The further development and implementation of the ECB's supervisory practice and the exercise of discretionary rights and options may result in additional requirements and significant implementation and monitoring costs and, in specific cases, even require adjustments to the business model or cause practical difficulties to fulfil these requirements and may consequently have negative effects on the external assessment of the capital position and refinancing costs.

Being subject to the SSM and the associated harmonised supervisory practice may also result in the ECB being less willing to maintain existing privileges and supervisory practices that are based on a consideration of specific institutions' conditions or special business models. Furthermore, the SSM means an additional financial burden for institutions that fund the SSM by paying supervisory charges.

The realisation of one or more of the risks described above may adversely affect the Issuer's net assets, financial condition and results of operation.

- ***The Issuer is subject to stress tests and similar exercises, whose results, when***

published, could have a negative impact on the external assessment of the Bank's financial standing and increase its cost of funding. The same applies to related additional prudential requirements and thereby additional funding.

Stress tests to analyse the banking sector's resilience or other bank tests are carried out regularly by the EBA and the competent authorities and their results are published.

The EBA regularly carries out EU-wide stress tests in cooperation with the ECB. The Issuer participated in such EU-wide stress tests in 2014, 2016, 2018 and 2021. In addition to such stress tests, which are normally carried out at two-year intervals, the ECB conducts more specific analyses in other years, which, in the past, were limited to specific types of risk (e.g. *Interest Rate Risk in the Banking Book* – "IRRBB" in 2017 and liquidity risks in 2019). On 27 January 2022 the ECB launched a new climate risk stress test to assess how prepared banks are for dealing with financial and economic shocks stemming from climate risk.

If the Issuer's capital was to fall below the predefined threshold of a given stress test at the end of the stress test period and/or if other deficiencies were identified in connection with the stress test exercise, remedial action may be required to be taken by the Issuer, including potentially requirements to strengthen the capital situation of the Issuer and/or other supervisory interventions or a combination of them. Investors should note, however, that the powers of the competent authorities are not limited to actions in response to specific breaches of stress test requirements but that they may also take action against the Issuer irrespective of such breaches on the basis of their general authority and, can form the basis of additional prudential requirements applicable to the Issuer resulting from the supervisory review and evaluation process (SREP).

Further, the publication of stress test results and similar exercises, their evaluation by financial market participants, but also the market's impression that stress tests or related prudential requirements are not sufficient in order to judge or reinstate a solid financial standing of a bank could have a negative impact on the external assessment of the capital positions and refinancing costs of participating institutes (such as the Issuer).

It cannot be ruled out, in particular, that prudential reviews and evaluations or stress tests will increase the Issuer's costs of raising liquidity. Capitalisation requirements may also rise, which would result in higher capital needs or a higher reduction of RWA, which in turn may adversely affect the Issuer's long-term profitability.

The realisation of one or more of the risks described above may adversely affect the Issuer's net assets, financial condition and results of operation.

• ***Potential investors should be aware that obligations under Additional Tier 1 instruments (such as the Capital Notes) do not fall in the scope of the BVR Protection Scheme and that the implementation of support measures with respect to the Issuer under the BVR Protection Scheme, if any, may lead to restrictions affecting the Issuer's ability to make payments on the Capital Notes in addition to, and irrespective of, other restrictions resulting from the Issuer's financial condition, which may result in loss of Interest Payments for prolonged periods and a deferral of the repayment of the Capital Notes.***

The Issuer is affiliated with the BVR Protection Scheme. This protection scheme protects deposits but also the status of the institutions affiliated with the protection scheme, in particular their liquidity and solvency; however, obligations under Additional Tier 1 instruments (such as the Capital Notes) do not fall in the scope of this protection scheme and, consequently, Holders will not be entitled to any claims against the BVR Protection Scheme in case of any failure of the Issuer to make payments under the Capital Notes.

Prospective investors in the Capital Notes should also be aware that, should the BVR Protection Scheme implement support measures (*Deckungsmaßnahmen*) with respect to the Issuer, such support measures may lead to restrictions affecting the Issuer's ability to make payments on the Capital Notes in addition to, and irrespective of, other restrictions resulting from the Issuer's financial condition.

- ***The Directive establishing a framework for the recovery and resolution of credit institutions and investment firms may have regulatory consequences that may restrict the business operations of the Issuer or result in higher refinancing costs. In addition, a single mechanism for bank resolution may result in higher contribution requirements for the Issuer.***

The BRRD, as amended by BRRD II and transposed into German law by the SAG, contains provisions, among others, on the obligation to draw up recovery and resolution plans, on additional organisation and information requirements as well as on requirements to establish financing arrangements. The BRRD, as transposed into German law by the SAG, intends to establish a legal framework within which credit institutions and investment firms that are in distress or at risk of failing will be reorganised in accordance with the framework and by applying the instruments provided for therein, with the aim of preventing insolvencies and minimising negative impact on the institution's critical functions. The framework intends to ensure that losses are borne first by shareholders, holders of relevant capital instruments (such as the Capital Notes) and other eligible liabilities and only thereafter by creditors, provided that shareholders and creditors should not incur losses above the level of losses that they would otherwise have incurred in the institution's winding-up under normal insolvency proceedings.

For these purposes, resolution authorities may exercise certain resolution tools. A material resolution tool is the bail-in tool, which provides the resolution authority with comprehensive write-down and conversion powers. In accordance therewith, the competent resolution authority can, for example, convert liabilities into equity or write down Common Equity Tier 1, Additional Tier 1 (such as the Capital Notes) or Tier 2 instruments, which may result in a partial or full loss of the claims of shareholders or investors (see "*– The Capital Notes may be written down (without prospect of a potential write-up in accordance with the Terms and Conditions) or converted as part of a regulatory bail-in if the Issuer is failing or likely to fail. Investors may lose all of their investment, including the principal amount plus any accrued and future interest, if a regulatory bail-in is initiated.*").

The second pillar of the framework for the recovery and resolution of credit institutions and investment firms is the European Single Resolution Mechanism (SRM), which creates the institutional and financial conditions for applying the BRRD, as implemented by the relevant participating Member State, by establishing a European resolution authority and a single resolution fund (the "**Fund**"). The SRM has been established by Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism (SRM Regulation), as amended by Regulation (EU) 2019/877 (SRM Regulation II). Supplementing the SRM Regulation, intergovernmental agreements between the Member States participating in the SRM regulate certain aspects of the SRM, such as aspects of the transfer and gradual common use of the contributions to the Fund.

The SRM applies to all credit institution established in a participating Member State, i.e. a Member State whose currency is the euro or which has established a close cooperation in accordance with Article 7 of the Regulation (EU) No 1024/2013 ("**SSM Regulation**"). It also applies to all parent undertakings, including a financial holding company and a mixed financial holding company or an investment firm or financial institution, provided they are established in a participating Member State, where they are covered by the consolidated supervision of the parent undertaking carried out by the ECB in accordance with Article 4(1)(g) SSM Regulation.

An institution, which is subject to the SSM and which is in distress shall be resolved under the SRM. For this purpose, the Single Resolution Board (SRB) has been established, which has its seat in Brussels. The tasks of the SRB include, in particular, to draw up a resolution plan and, where necessary, a resolution scheme. Resolution proceedings will be initiated by the determination, that a distressed institution has failed or is likely to fail, and such determination may be made within a very short timeframe. Unlike in the case of a winding-up or insolvency, a mere crisis of the relevant institution may cause its investors to lose, in full or in part, their capital invested or claims against the institution as a result of the application of resolution tools, in particular by the bail-in tool.

Upon introduction of the SRM, the Fund was established. The Fund is an emergency fund that can be called upon in times of crisis. It can be used to support the efficient application of the resolution tools and the exercise of the resolution powers by the resolution authorities for resolving the failing institution, after other options, such as the bail-in tool, have been exhausted. The Fund shall not be used directly to absorb losses or to recapitalise a failing institution. The owner of the Fund is the SRB. The Fund is being built up over a period of eight years, i.e. by the end of the year 2023, and is supposed to reach a target volume of at least 1 per cent of the amount of covered deposits of credit institutions in all participating Member States. The contributions of each institution are calculated *pro rata* to the amount of its liabilities (excluding own funds and covered deposits), with respect to the aggregate liabilities (excluding own funds and covered deposits) of all the institutions authorised in participating Member States. Contributions are adjusted to the risk profile of each credit institution. It is not foreseeable whether there will be further contribution requirements, where needed, in addition to current contribution requirements; such contributions may cause a significant financial burden on institutions, including the Issuer.

The realisation of one or more of the risks described above may adversely affect the Issuer's net assets, financial condition and results of operation or result in investors' full or partial loss of their capital invested.

Risks associated with the Solvency of the Issuer

- ***There is no restriction on the amount or type of further instruments, including those which depend, amongst others, on the Issuer's Available Distributable Items, or other indebtedness that the Issuer may issue, incur or guarantee, and the Issuer will have no obligation to consider the interests of the Holders of the Capital Notes in its business activities.***

The Issuer has not entered into any restrictive covenants in connection with the Capital Notes regarding its ability to issue or guarantee further instruments, including those which depend, amongst others, on the Issuer's Available Distributable Items, or other indebtedness ranking *pari passu* with or senior to claims under the Capital Notes. In particular, concurrently with or following the issuance of the Capital Notes, the Issuer may issue additional Capital Notes or other instruments for the purposes of raising Additional Tier 1 capital. The issuance or guaranteeing of any such further instruments or indebtedness may limit the Issuer's ability to make payments of principal and interest under the Capital Notes and may reduce the amount recoverable by the Holders on a liquidation or winding-up of the Issuer.

In addition, the Issuer will have no obligation to consider the interests of the investors in connection with its strategic decisions, including in respect of its capital management. The investors will not have any claim against the Issuer in connection with decisions relating to the business of the Issuer (including its capital position), regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause investors to lose all or part of the value of their investment in the Capital Notes.

- ***Change in the credit ratings assigned to the Issuer and/or the Capital Notes could affect the market value and reduce the liquidity of the Capital Notes.***

The Issuer expects that, upon issuance, the Capital Notes will be assigned a Ba1 (hyb) foreign currency rating by Moody's Deutschland GmbH. Such rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed herein, and other factors that may affect the value of the Capital Notes. Further, any rating assigned to the Capital Notes at the date of issuance is not indicative of future performance of the Issuer's business or its future creditworthiness.

Furthermore, any change in, or withdrawal of, the credit rating(s) assigned to the Issuer and/or the Capital Notes may affect the market value and could reduce the liquidity of the Capital Notes.

A rating, solicited or unsolicited, is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating

agency. Ratings are based on current information furnished to the rating agencies by the Issuer and information obtained by the rating agencies from other sources. Because ratings may be changed, superseded or withdrawn as a result of changes in, or unavailability of, such information at any time, a prospective purchaser should verify the current long-term and short-term ratings of the Issuer, its debt instruments and/or the Capital Notes, as the case may be, before purchasing any instruments issued by the Issuer. Changes to specific rating drivers with regard to the Issuer, its debt instruments and/or the Capital Notes may affect a rating agency's assessment and may hence lead to rating downgrades or changes in rating outlooks. Rating agencies may change their methodology at any time. A change in the rating methodology may have an impact on the ratings of the Issuer, its debt instruments and/or the Capital Notes. Any change in, or withdrawal of, the credit rating(s) assigned to the Issuer and/or the Capital Notes may affect the market value and could reduce the liquidity of the Capital Notes.

For the evaluation and usage of ratings, please refer to the Rating Agencies' pertinent criteria and explanations and the relevant terms of use are to be considered. Ratings cannot serve as a substitute for personal analysis. The debt instruments and/or the Capital Notes will be assigned credit ratings at the request or with the cooperation of the Issuer by rating agencies from time to time. The Issuer may at any time terminate a rating mandate and/or mandate other rating agencies. Following termination of a rating mandate, the Issuer will no longer apply for such ratings to be assigned to the debt instruments and/or the Capital Notes issued, by the respective rating agency, and there is no obligation for the Issuer to apply for ratings at all, as there is also no obligation of rating agencies to provide ratings on the Issuer, its debt instruments and/or the Capital Notes, unless a contractual obligation to do so is in place. Notwithstanding the above, rating agencies can at any time issue ratings on an unsolicited basis.

Please also see *"Risk factors related to the Issuer generally – Risk related to Rating Downgradings"*

Tax Risks related to the Capital Notes

- ***Taxation risk***

Potential purchasers and sellers of the Capital Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Capital Notes are transferred to or of other jurisdictions. In addition, potential purchasers are advised to ask for their own tax advisor's advice on their individual taxation with respect to the acquisition, sale and redemption of the Capital Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. See also *"–There may be circumstances under which the Capital Notes may be subject to withholding tax which will not be grossed-up, including withholding tax under FATCA."*

- ***There may be circumstances under which the Capital Notes may be subject to withholding tax which will not be grossed-up, including withholding tax under FATCA.***

In the event of the imposition of a withholding or deduction by way of tax on interest payments under the Capital Notes, including but not limited to withholding tax under the Foreign Account Tax Compliance Act (**FATCA**) (as described below), the Issuer is required to withhold or deduct at source amounts payable under the Capital Notes. The Issuer will, subject to customary exemptions, pay Additional Amounts on the Capital Notes to compensate for such deduction (as described in the Terms and Conditions). However, if any of such exemptions applies (including an exemption for payments on account of withholding tax under FATCA), no additional amounts will be paid to the Holders.

The United States has enacted rules, commonly referred to as FATCA, that generally impose a new reporting and withholding regime with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends and certain payments made by entities that are classified as financial institutions under FATCA. The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with Germany (the **IGA**). Under the IGA, the Issuer does not expect payments

made on or with respect to the Capital Notes to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Capital Notes in the future. In particular, no assurance can be made that payments under the Capital Notes made to entities that are considered non-US "financial institutions" will not be subject to FATCA to the extent such payments are considered "foreign passthru payments" within the meaning of FATCA. Prospective investors should consult their own tax advisors regarding the potential impact of FATCA.

Other Risks related to the Capital Notes

- ***The Terms and Conditions, including the terms of payment of principal and interest are subject to amendments by way of majority resolutions of the Holders, and any such resolution will be binding for all Holders. Any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of Capital Notes outstanding. In case of an appointment of a joint representative, the individual right of a Holder of Capital Notes to pursue and enforce its rights under the Terms and Conditions may be limited.***

Pursuant to the Terms and Conditions, the Holders may consent by majority resolution to amendments of the Terms and Conditions in accordance with and subject to the SchVG (German Act on Issues of Debt Securities), in particular, the Terms and Conditions provide that the Holders may consent, by way of majority resolution in accordance with the Terms and Conditions and the provisions of the SchVG, to a redemption of the Capital Notes below their initial principal amount at the option of the Issuer (see "*– The Redemption Amount and the principal amount of the Capital Notes will be reduced under the Terms and Conditions upon the occurrence of a Trigger Event which may result in loss of Interest Payments, lower Interest Payments as well as lower capital payments upon repayment of the Capital Notes.*"). Any amendment to the Terms and Conditions requires the consent of the Issuer. The Issuer will have no obligation to grant its consent to an amendment of the Terms and Conditions, and any failure to do so will not constitute a default of the Issuer under the Terms and Conditions.

The voting process under the Terms and Conditions will be governed in accordance with the SchVG, pursuant to which the required participation of holder votes (*quorum*) is principally set at 50 per cent. of the aggregate principal amount of outstanding notes in the first holders' meeting or in a vote without a meeting. In case there is no sufficient quorum in the first holders' meeting or in the vote without a meeting, there is no minimum quorum requirement in a second meeting or voting on the same resolution (unless the resolution to be passed requires a qualified majority, in which case holders representing at least 25 per cent. of outstanding notes by principal amount must participate in the meeting or voting). As the relevant majority for holders' resolutions is generally based on votes cast, rather than on principal amount of notes outstanding, the aggregate principal amount of such notes required to vote in favor of an amendment will vary based on the holders' votes participating. Therefore, a Holder is subject to the risk of being outvoted by a majority resolution of such Holders and losing rights towards the Issuer against his will in the event that Holders holding a sufficient aggregate principal amount of the Capital Notes participate in the vote and agree to amend the Terms and Conditions or on other matters relating to the Capital Notes by majority vote in accordance with the Terms and Conditions and the SchVG. As such majority resolution is binding on all Holders of the Capital Notes, including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority, certain rights of such Holder against the Issuer under the Terms and Conditions may be amended or reduced or even cancelled.

In addition, the Holders' rights to convene a Holders' meeting and to solicit a Holders' resolution are limited as, pursuant to Section 9(1) SchVG, a Holders' meeting will only be convened if Holders jointly holding at least 5 per cent of the outstanding Capital Notes of any issue or tranche request such convocation in writing stating their particular interest in convening such a meeting.

In case of an appointment of a joint representative (*gemeinsamer Vertreter*) for all Holders, it is possible that a Holder of Capital Notes may be deprived of its individual right to pursue and enforce its

rights under the Terms and Conditions against the Issuer, such right passing to the joint representative who is then exclusively responsible to claim and enforce the rights of all the Holders.

Furthermore, it should be noted that, if an amendment to the Terms and Conditions concerns provisions with regulatory relevance, the Issuer will, prior to granting its consent to any such amendment, give the competent supervisory authority the opportunity to comment on such amendment, and will not agree to such amendment if the competent supervisory authority objects to or prohibits the same.

- **Currency Risk**

Prospective investors in the Capital Notes, whose home currency is not the Swiss franc, should be aware that an investment in the Capital Notes may involve exchange rate risks which may affect the expected yield of the Capital Notes.

For example, a change in the value of the Swiss franc against the Euro or any other currency will result in a corresponding change in the Euro or such other currency value of the Capital Notes. If the underlying exchange rate rises and the value of the Swiss franc correspondingly falls, the price of the Capital Notes expressed in Euro or in such other currency falls.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable currency exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal and any changes in exchange rates affect the pro-ratio between tranches of Additional Tier 1 instruments issued in different currencies upon write-down and write-up.

- ***The Capital Notes may be traded with accrued interest, but under certain circumstances described herein, subsequent Interest Payments may not be made in full or in part.***

The Capital Notes may trade, and/or the prices for the Capital Notes may appear on trading systems on which the Capital Notes are traded, with accrued interest. If this occurs, purchasers of Capital Notes in the secondary market will pay a price that includes such accrued interest upon purchase of the Capital Notes. However, if an Interest Payment is not being made or not being made in full on the relevant Interest Payment Date, purchasers of such Capital Notes will not be entitled to an Interest Payment (in full or in part, as the case may be), and will not receive any compensation for an increased price paid due to accrued interest.

- ***There has been no prior market for the Capital Notes, a liquid market may not develop and the Capital Notes may be subject to significant market price volatility. Market price volatility might have reasons beyond the control or sphere of the Issuer or the Capital Notes.***

The Capital Notes will be new securities which may not be widely distributed and for which there is currently no active trading market. If the Capital Notes are traded after their initial issuance, they may be traded at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application may be made for the Capital Notes to be admitted to trading on the professional segment of the regulated market of the Luxembourg Stock Exchange which is a regulated market for the purposes of the MiFID II or for listing of the Capital Notes on SIX Swiss Exchange Ltd. or to other or further stock exchanges, there is no assurance that such applications will be accepted, that Capital Notes will be so admitted or that an active trading market will develop. Moreover, the liquidity and the market for the Capital Notes can be expected to vary with changes in the securities market and economic conditions, the financial condition and prospects of the Issuer and other factors which generally influence the market prices of securities. Such fluctuations may significantly affect liquidity and market prices for the Capital Notes. Market liquidity in hybrid financial instruments similar to the Capital Notes has historically been limited. In addition, potential investors should note that hybrid financial instruments similar to the Capital Notes have experienced pronounced price fluctuations in connection with the crisis of the financial markets and the banking sector since 2007. It can thus not be

excluded that the market price of the Capital Notes will be negatively affected by factors that are beyond the control or sphere of the Issuer or the Capital Notes, e.g. if the price of other own funds instruments negatively develops, even if such other instruments are issued by third parties.

As a result, investors may not be able to sell the Capital Notes at any time and/or may be able to sell the Capital Notes only at a discount.

• ***In the event of an early redemption of the Capital Notes, the Holders will be exposed to a reinvestment risk.***

If the Issuer redeems the Capital Notes (for regulatory reasons or for reasons of taxation or at the option of the Issuer), a Holder of Capital Notes is exposed to the risk that due to such early redemption its investment will have a lower than expected yield. In addition, an investor might not be able to reinvest the redemption proceeds at a comparable yield.

TERMS AND CONDITIONS OF THE CAPITAL NOTES

ANLEIHEBEDINGUNGEN

§ 1 Definitionen

Die nachstehend genannten Begriffe haben in diesen Anleihebedingungen die folgende Bedeutung:

"Aktueller Nennbetrag" hat die in § 4(1)(a) festgelegte Bedeutung.

"Anleihebedingungen" bezeichnet diese Anleihebedingungen der Kapitalschuldverschreibungen.

"Anwendbare Aufsichtsrechtliche Vorschriften" hat die in § 5(2) festgelegte Bedeutung.

"Auslöseereignis" hat die in § 8(1) festgelegte Bedeutung.

"Ausschüttung" bezeichnet jede Art der Auszahlung von Dividenden oder Zinsen.

"Ausschüttungsfähige Posten" bezeichnet die ausschüttungsfähigen Posten der Emittentin im Sinne von Art. 4 (1) (128) CRR (in der Fassung wie jeweils geändert oder ersetzt). Zum Zeitpunkt der Begebung der Kapitalschuldverschreibungen bezeichnet der Begriff "Ausschüttungsfähige Posten" (gemäß Art. 4 (1) (128) CRR einschließlich der durch die Verordnung (EU) 2019/876 des Europäischen Parlaments und des Rates vom 20. Mai 2019 vorgenommenen Änderungen) in Bezug auf eine Zinszahlung den Jahresüberschuss am Ende des dem betreffenden Zinszahlungstag unmittelbar vorhergehenden Geschäftsjahres der Emittentin, für das ein testierter Jahresabschluss vorliegt, zuzüglich (i) etwaiger vorgetragener Gewinne und für diesen Zweck verfügbarer Rücklagen, vor der Ausschüttung an die Eigner von Eigenmittelinstrumenten, jedoch abzüglich (ii) vorgetragener Verluste und gemäß anwendbarer Rechtsvorschriften der Europäischen Union oder der Bundesrepublik Deutschland oder der Satzung der Emittentin nicht ausschüttungsfähiger Gewinne und in die gemäß anwendbarer Rechtsvorschriften der Europäischen Union oder der Bundesrepublik Deutschland oder der Satzung der Emittentin nicht ausschüttungsfähigen Rücklagen eingestellter Beträge, jeweils in Bezug auf die spezifische Eigenmittelkategorie der Kapitalschuldverschreibungen als Instrumente des zusätzlichen Kernkapitals, sofern und soweit die anwendbaren Rechtsvorschriften der Europäischen Union oder der Bundesrepublik Deutschland oder die Satzung der Emittentin für diese gelten, wobei die ausschüttungsfähigen Posten und die betreffenden

TERMS AND CONDITIONS

§ 1 Definitions

In these Terms and Conditions, the following terms shall have the following meanings:

"Current Principal Amount" has the meaning set out in § 4(1)(a).

"Terms and Conditions" means these terms and conditions of the Capital Notes.

"Applicable Supervisory Regulations" has the meaning set out in § 5(2).

"Trigger Event" has the meaning set out in § 8(1).

"Distribution" means any kind of payment of dividends or interest.

"Available Distributable Items" means the available distributable items of the Issuer within the meaning of Art. 4(1)(128) CRR (as amended or replaced from time to time). At the time of the issuance of the Capital Notes, "Available Distributable Items" (pursuant to Art. 4(1)(128) CRR as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019) means, with respect to any payment of interest, the annual net income (*Jahresüberschuss*) as of the end of the financial year of the Issuer immediately preceding the relevant Interest Payment Date, for which audited annual financial statements are available, plus (i) any profits brought forward (*vorgetragene Gewinne*) and reserves available for that purpose before Distributions to holders of own funds instruments, minus (ii) any losses carried forward and any profits which are non-distributable pursuant to the applicable laws of the European Union or the Federal Republic of Germany or the articles of association of the Issuer and any amounts allocated to the non-distributable reserves pursuant to the applicable laws of the European Union or the Federal Republic of Germany or the articles of association of the Issuer, in each case with respect to the specific category of own funds of the Capital Notes as Additional Tier 1 Instruments to which the applicable laws of the European Union or the Federal Republic of Germany or the articles of association of the Issuer relate, provided that the distributable items and the relevant profits, losses and reserves shall be

Gewinne, Verluste und Rücklagen ausgehend vom Jahresabschluss der Emittentin und nicht auf der Basis eines etwaigen Konzernabschlusses festgestellt werden.

Die Ausschüttungsfähigen Posten sind jeweils nach den dann Anwendbaren Aufsichtsrechtlichen Vorschriften zu bestimmen; entsprechend sind nur solche Beträge hinzuzurechnen oder abzuziehen, die nach den Anwendbaren Aufsichtsrechtlichen Vorschriften für diesen Zweck oder für die Ermittlung der auf Instrumente des zusätzlichen Kernkapitals ausschüttbaren Beträge hinzugerechnet werden dürfen bzw. abzuziehen sind.

"Begebungstag" hat die in § 2(1) festgelegte Bedeutung.

"Benchmarks-Verordnung" hat die in § 4(2)(b) festgelegte Bedeutung.

"Berechnungsstelle" hat die in § 9(1) festgelegte Bedeutung.

"Bildschirmseite" hat die in § 4(2)(a) festgelegte Bedeutung.

"BRRD" bezeichnet die Richtlinie 2014/59/EU des Europäischen Parlaments und des Rates vom 15. Mai 2014 zur Festlegung eines Rahmens für die Sanierung und Abwicklung von Kreditinstituten und Wertpapierfirmen und zur Änderung bestimmter Richtlinien und Verordnungen, in der Fassung wie jeweils geändert oder ersetzt, insbesondere durch die Richtlinie (EU) 2019/879 des Europäischen Parlaments und des Rates vom 20. Mai 2019 zur Änderung der Richtlinie 2014/59/EU in Bezug auf die Verlustabsorptions- und Rekapitalisierungskapazität von Kreditinstituten und Wertpapierfirmen und der Richtlinie 98/26/EG; soweit Bestimmungen der BRRD geändert oder ersetzt werden, bezieht sich der Verweis auf Bestimmungen der BRRD in diesen Anleihebedingungen auf die jeweils geänderten Bestimmungen bzw. die Nachfolgeregelungen.

"Bucheffekten" hat die in § 2(3) festgelegte Bedeutung.

"CHF" hat die in § 2(1) festgelegte Bedeutung.

"Clearing System" bedeutet SIX SIS AG, Olten, Schweiz, sowie jeder Funktionsnachfolger.

"CRD" bezeichnet die Richtlinie 2013/36/EU des Europäischen Parlaments und des Rates vom 26. Juni 2013 über den Zugang zur Tätigkeit von Kreditinstituten und die Beaufsichtigung von Kreditinstituten und Wertpapierfirmen, zur Änderung der Richtlinie 2002/87/EG und zur Aufhebung der Richtlinien 2006/48/EG und 2006/49/EG, in der

determined on the basis of the unconsolidated annual financial statements (*Jahresabschluss*) of the Issuer and not on the basis of its consolidated financial statements, if any.

The determination of the Available Distributable Items shall be based on the then Applicable Supervisory Regulations and, accordingly, only those amounts shall be added or deducted that may be added or have to be deducted (as the case may be) for that purpose or for determining the amounts distributable on Additional Tier 1 Instruments under the Applicable Supervisory Regulations.

"Issue Date" has the meaning set out in § 2(1).

"Benchmarks Regulation" has the meaning set out in § 4(2)(b).

"Calculation Agent" has the meaning set out in § 9(1).

"Screen Page" has the meaning set out in § 4(2)(a).

"BRRD" means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending certain directives and regulations, as amended or replaced from time to time, in particular by the Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC; to the extent that any provisions of the BRRD are amended or replaced, the reference to provisions of the BRRD as used in these Terms and Conditions shall refer to such amended provisions or successor provisions from time to time.

"Intermediated Securities" has the meaning set out in § 2(3).

"CHF" has the meaning set out in § 2(1).

"Clearing System" means SIX SIS AG, Olten, Switzerland, and any successor in such capacity.

"CRD" means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended or replaced from

Fassung wie jeweils geändert oder ersetzt, insbesondere durch die Richtlinie (EU) 2019/878 des Europäischen Parlaments und des Rates vom 20. Mai 2019 zur Änderung der Richtlinie 2013/36/EU im Hinblick auf von der Anwendung ausgenommene Unternehmen, Finanzholdinggesellschaften, gemischte Finanzholdinggesellschaften, Vergütung, Aufsichtsmaßnahmen und -befugnisse und Kapitalerhaltungsmaßnahmen; soweit Bestimmungen der CRD geändert oder ersetzt werden, bezieht sich der Verweis auf Bestimmungen der CRD in diesen Anleihebedingungen auf die jeweils geänderten Bestimmungen bzw. die Nachfolgeregelungen.

"**CRR**" bezeichnet die Verordnung (EU) Nr. 575/2013 des Europäischen Parlaments und des Rates vom 26. Juni 2013 über Aufsichtsanforderungen an Kreditinstitute und Wertpapierfirmen und zur Änderung der Verordnung (EU) Nr. 648/2012 (einschließlich jeder jeweils anwendbaren aufsichtsrechtlichen Regelung, die diese Verordnung ergänzt), in der Fassung wie jeweils geändert oder ersetzt, insbesondere durch die Verordnung (EU) 2019/876 des Europäischen Parlaments und des Rates vom 20. Mai 2019 zur Änderung der Verordnung (EU) Nr. 575/2013 in Bezug auf die Verschuldungsquote, die strukturelle Liquiditätsquote, Anforderungen an Eigenmittel und berücksichtigungsfähige Verbindlichkeiten, das Gegenparteiausfallrisiko, das Marktrisiko, Risikopositionen gegenüber zentralen Gegenparteien, Risikopositionen gegenüber Organismen für gemeinsame Anlagen, Großkredite, Melde- und Offenlegungspflichten und der Verordnung (EU) Nr. 648/2012; soweit Bestimmungen der CRR geändert oder ersetzt werden, bezieht sich der Verweis auf Bestimmungen der CRR in diesen Anleihebedingungen auf die jeweils geänderten Bestimmungen bzw. die Nachfolgeregelungen.

"**Delegierte Verordnung**" bezeichnet die Delegierte Verordnung (EU) Nr. 241/2014 der Kommission vom 7. Januar 2014 zur Ergänzung der Verordnung (EU) Nr. 575/2013 des Europäischen Parlaments und des Rates im Hinblick auf technische Regulierungsstandards für die Eigenmittelanforderungen an Institute oder eine Nachfolgeregelung, in der Fassung wie jeweils geändert oder ersetzt; soweit Bestimmungen der Delegierten Verordnung geändert oder ersetzt werden, bezieht sich der Verweis auf Bestimmungen der Delegierten Verordnung in diesen Anleihebedingungen auf die jeweils geänderten Bestimmungen bzw. die Nachfolgeregelungen.

"**Depotbank**" hat die in § 16(3) festgelegte Bedeutung.

time to time, in particular by the Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures; to the extent that any provisions of the CRD are amended or replaced, the reference to provisions of the CRD as used in these Terms and Conditions shall refer to such amended provisions or successor provisions from time to time.

"**CRR**" means Regulation (EU) No 575/2013 of the European Parliament and the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (including any applicable provisions of regulatory law supplementing this Regulation), as amended or replaced from time to time, in particular by the Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012; to the extent that any provisions of the CRR are amended or replaced, the reference to provisions of the CRR as used in these Terms and Conditions shall refer to such amended provisions or successor provision from time to time.

"**Commission Delegated Regulation**" means Commission Delegated Regulation (EU) No 241/2014 of 7 January 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for Own Funds requirements for institutions or any successor provisions, as amended or replaced from time to time; to the extent that any provisions of the Commission Delegated Regulation are amended or replaced, the reference to provisions of the Commission Delegated Regulation as used in these Terms and Conditions shall refer to such amended provisions or successor provision from time to time.

"**Custodian**" has the meaning set out in § 16(3).

"**Deutsche Zahlstelle**" hat die in § 9(1) festgelegte Bedeutung.

"**Emittentin**" hat die in § 2(1) festgelegte Bedeutung.

"**Ersatzbildschirmseite**" hat die in § 4(2)(a) festgelegte Bedeutung.

"**Ersatz-Referenzsatz**" hat die in § 4(2)(b) festgelegte Bedeutung.

"**Erster Zinsanpassungstag**" hat die in § 4(2)(a) festgelegte Bedeutung.

"**FATCA**" bezeichnet den U.S. Foreign Account Tax Compliance Act von 2010, in der Fassung wie jeweils geändert oder ersetzt; soweit Bestimmungen von FATCA geändert oder ersetzt werden, bezieht sich der Verweis auf Bestimmungen von FATCA in diesen Anleihebedingungen auf die jeweils geänderten Bestimmungen bzw. die Nachfolgeregelungen.

"**FATCA Quellensteuer**" hat die in § 10(h) festgelegte Bedeutung.

"**Festgelegte Stückelung**" hat die in § 2(1) festgelegte Bedeutung.

"**Festgelegte Währung**" hat die in § 2(1) festgelegte Bedeutung.

"**Fünf-Jahres-Mid-Swap-Quotierung**" hat die in § 4(2)(a) festgelegte Bedeutung.

"**Geschäftstag**" bezeichnet einen Tag (außer einem Samstag oder einem Sonntag), an dem das Clearing System und Geschäftsbanken und Devisenmärkte in Zürich Zahlungen abwickeln.

"**Gläubiger**" hat die in § 2(5) festgelegte Bedeutung.

"**Globalurkunde**" hat die in § 2(3) festgelegte Bedeutung.

"**Gruppe**" hat die in § 8(1) festgelegte Bedeutung.

"**Harte Kernkapitalquote der Gruppe**" hat die in § 8(1) festgelegte Bedeutung.

"**Harte Kernkapitalquote der MünchenerHyp**" hat die in § 8(1) festgelegte Bedeutung.

"**Hartes Kernkapital**" bezeichnet denjenigen Bestandteil der Eigenmittel, welcher als hartes Kernkapital (Common Equity Tier 1 capital (CET1)) nach Maßgabe des Teils 2, Titel 1, Kapitel 2 der CRR ausgewiesen wird.

"**Herabgeschriebene AT1 Instrumente**" hat die in

"**German Paying Agent**" has the meaning set out in § 9(1).

"**Issuer**" has the meaning set out in § 2(1).

"**Replacement Screen Page**" has the meaning set out in § 4(2)(a).

"**Substitute Reference Rate**" has the meaning set out in § 4(2)(b).

"**First Reset Date**" has the meaning set out in § 4(2)(a).

"**FATCA**" means the U.S. Foreign Account Tax Compliance Act of 2010, as amended or replaced from time to time; to the extent that any provisions of FATCA are amended or replaced, the reference to provisions of FATCA as used in these Terms and Conditions shall refer to such amended provisions or successor provision from time to time.

"**FATCA Withholding**" has the meaning set out in § 10(h).

"**Specified Denomination**" has the meaning set out in § 2(1).

"**Specified Currency**" has the meaning set out in § 2(1).

"**5 Year Mid Swap Quotation**" has the meaning set out in § 4(2)(a).

"**Business Day**" means a day (other than a Saturday or a Sunday) on which the Clearing System and commercial banks and foreign exchange markets in Zurich settle payments.

"**Holder**" has the meaning set out in § 2(5).

"**Global Note**" has the meaning set out in § 2(3).

"**Group**" has the meaning set out in § 8(1).

"**Group Common Equity Tier 1 Capital Ratio**" has the meaning set out in § 8(1).

"**MünchenerHyp Common Equity Tier 1 Capital Ratio**" has the meaning set out in § 8(1).

"**Common Equity Tier 1 Capital**" means those elements of own funds which are recorded as Common Equity Tier 1 capital (CET1) in accordance with Part 2, Title 1, Chapter 2 of the CRR.

"**Written Down AT1 Instruments**" has the

§ 8(3)(i) festgelegte Bedeutung.

"Herabschreibungsbetrag" hat die in § 8(1) festgelegte Bedeutung.

"Herabschreibungs-Stichtag" hat die in § 8(1) festgelegte Bedeutung.

"Hochschreibungstag" hat die in § 8(3) festgelegte Bedeutung.

"InsO" bedeutet Insolvenzordnung, in der Fassung wie jeweils geändert oder ersetzt; soweit Bestimmungen der InsO geändert oder ersetzt werden, bezieht sich der Verweis auf Bestimmungen der InsO in diesen Anleihebedingungen auf die jeweils geänderten Bestimmungen bzw. die Nachfolgeregelungen.

"Instrumente des Ergänzungskapitals" bezeichnet Instrumente des Ergänzungskapitals (Tier 2 Instruments) nach Maßgabe der Artikel 63 bis 65 der CRR (einschließlich, jedoch nicht ausschließlich, eines jeden Kapitalinstruments, nachrangigen Darlehensinstruments oder anderen Instruments, das zum jeweiligen Zeitpunkt nach den dann geltenden Übergangsbestimmungen der CRR als ein Posten des Ergänzungskapitals qualifiziert).

"Instrumente des harten Kernkapitals" bezeichnet Instrumente des harten Kernkapitals (Common Equity Tier 1 Instruments) nach Maßgabe der Artikel 28 bis 31 der CRR (einschließlich, jedoch nicht ausschließlich, eines jeden Kapitalinstruments oder anderen Instruments, das zum jeweiligen Zeitpunkt nach den dann geltenden Übergangsbestimmungen der CRR ganz oder teilweise als Posten des harten Kernkapitals qualifiziert).

"Instrumente des zusätzlichen Kernkapitals" bezeichnet Instrumente des zusätzlichen Kernkapitals (Additional Tier 1 Instruments) nach Maßgabe von Artikel 52 bis 55 der CRR (einschließlich, jedoch nicht ausschließlich, eines jeden Kapitalinstruments oder anderen Instruments, das zum jeweiligen Zeitpunkt nach den dann geltenden Übergangsbestimmungen der CRR ganz oder teilweise als Posten des zusätzlichen Kernkapitals qualifiziert).

"Kapitalschuldverschreibungen" hat die in § 2(1) festgelegte Bedeutung.

"Kernkapital" bezeichnet die Summe des Harten Kernkapitals und des Zusätzlichen Kernkapitals nach Maßgabe von Artikel 25 der CRR.

"Kernkapitalinstrumente" bezeichnet von der Emittentin begebene Kapitalinstrumente, die im Sinne der CRR zu den Instrumenten des harten

meaning set out in § 8(3)(i).

"Write-down Amount" has the meaning set out in § 8(1).

"Write-down Effective Date" has the meaning set out in § 8(1).

"Write-up Date" has the meaning set out in § 8(3).

"InsO" means the German Insolvency Statute (*Insolvenzordnung*), as amended or replaced from time to time; to the extent that any provisions of the InsO are amended or replaced, the reference to provisions of the InsO as used in these Terms and Conditions shall refer to such amended provisions or successor provisions from time to time.

"Tier 2 Instruments" means Tier 2 instruments in accordance with Articles 63 to 65 of the CRR (including, but not limited to, any capital instrument or subordinated loan instrument or other instrument that, at the relevant time, qualifies as a Tier 2 item pursuant to the then applicable transitional provisions under the CRR).

"Common Equity Tier 1 Instruments" means Common Equity Tier 1 instruments in accordance with Articles 28 to 31 of the CRR (including, but not limited to, any capital instrument or other instrument that, at the relevant time, qualifies in whole or in part as a Common Equity Tier 1 item pursuant to the then applicable transitional provisions under the CRR).

"Additional Tier 1 Instruments" means Additional Tier 1 instruments in accordance with Article 52 to 55 of the CRR (including, but not limited to, any capital instrument or other instrument that, at the relevant time, qualifies in whole or in part as an Additional Tier 1 item pursuant to the then applicable transitional provisions under the CRR).

"Capital Notes" has the meaning set out in § 2(1).

"Tier 1 Capital" means the sum of the Common Equity Tier 1 Capital and Additional Tier 1 Capital in accordance with Article 25 of the CRR.

"Tier 1 Instruments" means capital instruments issued by the Issuer which, according to the CRR, qualify as Common Equity Tier 1 Instruments or

Kernkapitals oder zu den Instrumenten des zusätzlichen Kernkapitals zählen.

"**KWG**" bezeichnet das Gesetz über das Kreditwesen (Kreditwesengesetz – KWG), in der Fassung wie jeweils geändert oder ersetzt; soweit Bestimmungen des KWG geändert oder ersetzt werden, bezieht sich der Verweis auf Bestimmungen des KWG in diesen Anleihebedingungen auf die jeweils geänderten Bestimmungen bzw. die Nachfolgeregelungen.

"**Marge**" hat die in § 4(2)(a) festgelegte Bedeutung.

"**Maßgebliche Harte Kernkapitalquote**" hat die in § 8(1) festgelegte Bedeutung.

"**Maßgebliche Mindest-CET1-Auslösequote**" hat die in § 8(1) festgelegte Bedeutung.

"**Maximum Distributable Amount (MDA)**" hat die in § 5(2)(ii) festgelegte Bedeutung.

"**Mid-Swapsatz**" hat die in § 4(2)(a) festgelegte Bedeutung.

"**Mindest-CET1-Auslösequote der Gruppe**" hat die in § 8(1) festgelegte Bedeutung.

"**Mindest-CET1-Auslösequote der MünchenerHyp**" hat die in § 8(1) festgelegte Bedeutung.

"**M-MDA**" oder "**Maximum Distributable Amount related to the minimum requirement for own funds and eligible liabilities**" hat die in § 5(2)(ii) festgelegte Bedeutung.

"**Nachfolge-Referenzsatz**" hat die in § 4(2)(b) festgelegte Bedeutung.

"**Rechtsstreitigkeiten**" hat die in § 16(2) festgelegte Bedeutung.

"**Referenzbanken**" hat die in § 4(2)(a) festgelegte Bedeutung.

"**Referenzsatz**" hat die in § 4(2)(a) festgelegte Bedeutung.

"**Resetzeitraum**" hat die in § 4(2)(a) festgelegte Bedeutung.

"**Rückzahlungsbetrag**" hat die in § 7(8) festgelegte Bedeutung.

"**SchVG**" bezeichnet das Gesetz über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz – SchVG), in der Fassung wie jeweils geändert oder ersetzt; soweit Bestimmungen des SchVG geändert oder ersetzt

Additional Tier 1 Instruments.

"**Banking Act**" means the German Banking Act (*Gesetz über das Kreditwesen – KWG*), as amended or replaced from time to time; to the extent that any provisions of the KWG are amended or replaced, the reference to provisions of the KWG as used in these Terms and Conditions shall refer to such amended provisions or successor provisions from time to time.

"**Margin**" has the meaning set out in § 4(2)(a).

"**Relevant Common Equity Tier 1 Capital Ratio**" has the meaning set out in § 8(1).

"**Relevant Minimum CET1 Trigger Ratio**" has the meaning set out in § 8(1).

"**Maximum Distributable Amount (MDA)**" has the meaning set out in § 5(2)(ii).

"**Mid-Swap Rate**" has the meaning set out in § 4(2)(a).

"**Group Minimum CET1 Trigger Ratio**" has the meaning set out in § 8(1).

"**MünchenerHyp Minimum CET1 Trigger Ratio**" has the meaning set out in § 8(1).

"**M-MDA**" or "**Maximum Distributable Amount related to the minimum requirement for own funds and eligible liabilities**" has the meaning set out in § 5(2)(ii).

"**Successor Reference Rate**" has the meaning set out in § 4(2)(b).

"**Proceedings**" has the meaning set out in § 16(2).

"**Reference Banks**" has the meaning set out in § 4(2)(a).

"**Reference Rate**" has the meaning set out in § 4(2)(a).

"**Reset Period**" has the meaning set out in § 4(2)(a).

"**Redemption Amount**" has the meaning set out in § 7(8).

"**SchVG**" means the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen – SchVG*), as amended or replaced from time to time; to the extent that any provisions of the SchVG are amended or replaced,

werden, bezieht sich der Verweis auf Bestimmungen des SchVG in diesen Anleihebedingungen auf die jeweils geänderten Bestimmungen bzw. die Nachfolgeregelungen.

"Schweizer Hauptzahlstelle" hat die in § 9(1) festgelegte Bedeutung.

"SIX Swiss Exchange" bezeichnet die SIX Swiss Exchange AG und jeden Nachfolger.

"SolvV" bezeichnet die Verordnung zur angemessenen Eigenmittelausstattung von Instituten, Institutsgruppen, Finanzholding-Gruppen und gemischten Finanzholding-Gruppen (Solvabilitätsverordnung – SolvV), in der Fassung wie jeweils geändert oder ersetzt; soweit Bestimmungen der SolvV geändert oder ersetzt werden, bezieht sich der Verweis auf Bestimmungen der SolvV in diesen Anleihebedingungen auf die jeweils geänderten Bestimmungen bzw. die Nachfolgeregelungen.

"Ursprünglicher Nennbetrag" hat die in § 2(1) festgelegte Bedeutung.

"Vereinigte Staaten von Amerika" bezeichnet die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

"Verwahrungsstelle" hat die in § 2(3) festgelegte Bedeutung.

"Verzinsungsbeginn" hat die in § 4(1)(a) festgelegte Bedeutung.

"Vorrangige Verbindlichkeiten der Emittentin" hat die in § 3(2) festgelegte Bedeutung.

"Vorzeitiger Rückzahlungstag" hat die in § 7(4) festgelegte Bedeutung.

"Zahlstelle" bezeichnet die Schweizer Hauptzahlstelle, die Deutsche Zahlstelle und/oder jede andere Zahlstelle, die gemäß § 9(1) bestimmt wurde.

"Zinsanpassungstag" hat die in § 4(2)(a) festgelegte Bedeutung.

"Zinsberechnungszeitraum" hat die in § 4(7) festgelegte Bedeutung.

"Zinsbetrag" hat die in § 4(3) festgelegte Bedeutung.

the reference to provisions of the SchVG as used in these Terms and Conditions shall refer to such amended provisions or successor provisions from time to time.

"Swiss Principal Paying Agent" has the meaning set out in § 9(1).

"SIX Swiss Exchange" means SIX Swiss Exchange AG and any successor thereto.

"Solvency Regulation" means the German Regulation governing the capital adequacy of institutions, groups of institutions, financial holding groups and mixed financial holding groups (*Verordnung zur angemessenen Eigenmittelausstattung von Instituten, Institutsgruppen, Finanzholding-Gruppen und gemischten Finanzholding-Gruppen – SolvV*), as amended or replaced from time to time; to the extent that any provisions of the SolvV are amended or replaced, the reference to provisions of the SolvV as used in these Terms and Conditions shall refer to such amended provisions or successor provisions from time to time.

"Initial Principal Amount" has the meaning set out in § 2(1).

"United States of America" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

"Intermediary" has the meaning set out in § 2(3).

"Interest Commencement Date" has the meaning set out in § 4(1)(a).

"Senior Ranking Obligation of the Issuer" has the meaning set out in § 3(2).

"Early Redemption Date" has the meaning set out in § 7(4).

"Paying Agent" means the Swiss Principal Paying Agent, the German Paying Agent and/or any other paying agent appointed in accordance with § 9(1).

"Reset Date" has the meaning set out in § 4(2)(a).

"Calculation Period" has the meaning set out in § 4(7).

"Interest Amount" has the meaning set out in

"**Zinsfestlegungstag**" hat die in § 4(2)(a) festgelegte Bedeutung.

"**Zinsperiode**" hat die in § 4(2)(a) festgelegte Bedeutung.

"**Zinssatz**" hat die in § 4(2)(a) festgelegte Bedeutung.

"**Zinstagequotient**" hat die in § 4(7) festgelegte Bedeutung.

"**Zinszahlungstag**" hat die in § 4(1)(b) festgelegte Bedeutung.

"**Zusätzliche Beträge**" hat die in § 10 festgelegte Bedeutung.

"**Zusätzliches Kernkapital**" bezeichnet denjenigen Bestandteil der Eigenmittel, welcher als zusätzliches Kernkapital (Additional Tier 1 capital (AT1)) nach Maßgabe des Teils 2, Titel 1, Kapitel 3 der CRR ausgewiesen wird.

"**Zuständige Aufsichtsbehörde**" bezeichnet, jeweils einzeln, die Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), die Deutsche Bundesbank, die Europäische Zentralbank (EZB), den Einheitlichen Abwicklungsausschuss (*Single Resolution Board* – SRB), das interne Abwicklungsteam (*Internal Resolution Team* – IRT) und jede andere Behörde, soweit sie im Rahmen ihrer Zuständigkeit Aufsichtsbefugnisse oder Abwicklungsbefugnisse in Bezug auf die Emittentin wahrnehmen.

§ 4(3).

"**Interest Determination Date**" has the meaning set out in § 4(2)(a).

"**Interest Period**" has the meaning set out in § 4(2)(a).

"**Rate of Interest**" has the meaning set out in § 4(2)(a).

"**Day Count Fraction**" has the meaning set out in § 4(7).

"**Interest Payment Date**" has the meaning set out in § 4(1)(b).

"**Additional Amounts**" has the meaning set out in § 10.

"**Additional Tier 1 Capital**" means those elements of own funds which are recorded as Additional Tier 1 capital (AT1) in accordance with Part 2, Title 1, Chapter 3 of the CRR.

"**Competent Supervisory Authority**" means each of the German Federal Financial Supervisory Authority (*BaFin*), the Deutsche Bundesbank, the European Central Bank (ECB), the Single Resolution Board (SRB), the Internal Resolution Team (IRT) and any other regulatory authority, each as exercising supervisory powers or resolution powers within its competence with respect to the Issuer.

§ 2 Währung, Stückelung, Form

(1) *Währung; Stückelung.* Diese am 2. Juni 2022 (der "**Begebungstag**") begebene Emission von nachrangigen Schuldverschreibungen (die "**Kapitalschuldverschreibungen**") der Münchener Hypothekbank eG (die "**Emittentin**" oder "**MünchenerHyp**") wird in Schweizer Franken ("**CHF**" oder die "**Festgelegte Währung**") im Gesamtnennbetrag von CHF 75.000.000 (in Worten: fünfundsiebzig Millionen Schweizer Franken) in einer festgelegten Stückelung von jeweils CHF 50.000 (die "**Festgelegte Stückelung**" und der "**Ursprüngliche Nennbetrag**") begeben.

(2) *Form.* Die Kapitalschuldverschreibungen lauten auf den Inhaber.

(3) *Globalurkunde.* Die Kapitalschuldverschreibungen sind durch eine Globalurkunde (die "**Globalurkunde**") ohne Zinsscheine verbrieft, welche durch die Schweizer

§ 2 Currency, Denomination, Form

(1) *Currency; Denomination.* This issue dated 2 June 2022 (the "**Issue Date**") of subordinated notes (the "**Capital Notes**") of Münchener Hypothekbank eG (the "**Issuer**" or "**MünchenerHyp**") is issued in Swiss Francs ("**CHF**" or the "**Specified Currency**") in the aggregate principal amount of CHF 75,000,000 (in words: seventy-five million Swiss Francs) in a specified denomination of CHF 50,000 each (the "**Specified Denomination**" and the "**Initial Principal Amount**").

(2) *Form.* The Capital Notes are being issued in bearer form.

(3) *Global Note.* The Capital Notes and all rights in connection therewith are represented by a global note (the "**Global Note**") without coupons which shall be deposited by the Swiss Principal

Hauptzahlstelle bei der SIX SIS AG oder einer anderen in der Schweiz von der SIX Swiss Exchange anerkannten Verwahrungsstelle (SIX SIS AG oder jede andere Verwahrungsstelle, die "**Verwahrungsstelle**") hinterlegt wird. Die Globalurkunde trägt die Unterschriften ordnungsgemäß bevollmächtigter Vertreter der Emittentin und ist von der Schweizer Hauptzahlstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelkunden und Zinsscheine werden nicht ausgegeben.

Sobald die Globalurkunde durch die Schweizer Hauptzahlstelle bei der Verwahrungsstelle hinterlegt ist und die Kapitalschuldverschreibungen den Effektenkonten eines oder mehrerer Teilnehmer der Verwahrungsstelle gutgeschrieben werden, stellen die Kapitalschuldverschreibungen Bucheffekten ("**Bucheffekten**") gemäß den Bestimmungen des schweizerischen Bucheffektengesetzes dar.

(4) *Clearing System.* Die die Kapitalschuldverschreibungen verbriefende Globalurkunde wird solange von einem oder im Namen eines Clearing Systems verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Kapitalschuldverschreibungen erfüllt sind.

(5) *Gläubiger von Kapitalschuldverschreibungen.* Jedem Gläubiger (wie nachstehend definiert) steht im Umfang seiner Forderung gegen die Emittentin ein sachenrechtlicher Miteigentumsanteil an der Globalurkunde zu, wobei, solange die Globalurkunde bei der Verwahrungsstelle hinterlegt ist, der Miteigentumsanteil suspendiert ist und die Kapitalschuldverschreibungen nur durch Gutschrift der zu übertragenden Kapitalschuldverschreibungen in einem Effektenkonto des Empfängers übertragen werden können, wie in den Bestimmungen des schweizerischen Bucheffektengesetzes gemäß der Übertragung von Bucheffekten dargelegt.

Die Unterlagen der Verwahrungsstelle bestimmen die Anzahl von Kapitalschuldverschreibungen, welche durch jeden Teilnehmer der Verwahrungsstelle gehalten werden. In Bezug auf Kapitalschuldverschreibungen, welche Bucheffekten darstellen, gelten diejenigen Personen als Inhaber (die "**Gläubiger**"), die die Kapitalschuldverschreibungen in einem auf ihren Namen lautenden Effektenkonto halten, bzw. im Falle von Verwahrungsstellen, die die Kapitalschuldverschreibungen in einem auf ihren Namen lautenden Effektenkonto auf eigene Rechnung halten.

Paying Agent with SIX SIS AG or any other intermediary in Switzerland recognised for such purposes by SIX Swiss Exchange (SIX SIS AG or any such other intermediary, the "**Intermediary**"). The Global Note shall be signed by authorised signatories of the Issuer and shall be authenticated by or on behalf of the Swiss Principal Paying Agent. Definitive Capital Notes and interest coupons will not be issued.

Once the Global Note is deposited by the Swiss Principal Paying Agent with the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Capital Notes will constitute intermediated securities ("**Intermediated Securities**") in accordance with the provisions of the Swiss Federal Intermediated Securities Act.

(4) *Clearing System.* The Global Note representing the Capital Notes will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Capital Notes have been satisfied.

(5) *Holders of Capital Notes.* Each Holder (as defined below) shall have a quotal co-ownership interest in the Global Note to the extent of his claim against the Issuer, provided that for so long as the Global Note remains deposited with the Intermediary the co-ownership interest shall be suspended and the Capital Notes may only be transferred by the entry of the transferred Capital Notes in a securities account of the transferee, as set out in the provisions of the Swiss Federal Intermediated Securities Act regarding the transfer of Intermediated Securities.

The records of the Intermediary will determine the number of Capital Notes held through each participant in that Intermediary. In respect of the Capital Notes held in the form of Intermediated Securities, the holders of the Capital Notes (the "**Holders**") will be the investors holding Capital Notes in a securities account with an Intermediary and the Intermediaries holding the Capital Notes for their own account.

**§ 3
Status**

(1) Die Kapitalschuldverschreibungen

**§ 3
Status**

(1) The Capital Notes constitute direct,

begründen direkte, nicht besicherte, nachrangige Verbindlichkeiten der Emittentin, die untereinander gleichrangig sind.

(2) Im Fall von Abwicklungsmaßnahmen in Bezug auf die Emittentin und im Fall der Auflösung, der Liquidation oder der Insolvenz der Emittentin oder eines Vergleichs oder eines anderen der Abwendung der Insolvenz dienenden Verfahrens gegen die Emittentin

(a) stehen die Verbindlichkeiten aus den Kapitalschuldverschreibungen im Rang den Verbindlichkeiten der Emittentin aus etwaigen anderen Instrumenten des zusätzlichen Kernkapitals, einschließlich den am 12. Dezember 2019 begebenen CHF 125.000.000 Undated Non-Cumulative Fixed to Reset Rate Additional Tier 1 Notes der Emittentin (ISIN CH0508236590), gleich;

(b) gehen die Verbindlichkeiten der Emittentin aus den Kapitalschuldverschreibungen den Verbindlichkeiten der Emittentin aus Instrumenten des harten Kernkapitals im Rang vor; und

(c) gehen die Verbindlichkeiten der Emittentin aus den Kapitalschuldverschreibungen den Vorrangigen Verbindlichkeiten der Emittentin im Range vollständig nach, so dass Zahlungen auf die Kapitalschuldverschreibungen in einem solchen Fall solange nicht erfolgen, bis die Vorrangigen Verbindlichkeiten der Emittentin vollständig befriedigt sind.

"Vorrangige Verbindlichkeiten der Emittentin" bezeichnet:

- (i) die Forderungen aus nicht nachrangigen Verbindlichkeiten (einschließlich, jedoch nicht ausschließlich, Forderungen gegen die Emittentin aus deren nicht bevorrechtigten, nicht nachrangigen Schuldtiteln im Sinne von § 46f Absatz 6 Satz 1 KWG);
- (ii) die Forderungen aus Instrumenten des Ergänzungskapitals;
- (iii) die in § 39 Absatz 1 Nr. 1 bis 5 InsO bezeichneten Forderungen;
- (iv) die Forderungen aus nachrangigen Verbindlichkeiten gemäß § 39 Absatz 2 InsO oder einer Nachfolgebestimmung, die zum Zeitpunkt von Abwicklungsmaßnahmen in Bezug auf die Emittentin oder im Fall der Auflösung, der Liquidation oder der Insolvenz der Emittentin oder eines Vergleichs oder eines anderen der Abwendung der Insolvenz dienenden Verfahrens gegen die Emittentin, nicht als Eigenmittelinstrumente zu

unsecured and subordinated obligations of the Issuer, ranking *pari passu* among themselves.

(2) If resolution measures are imposed on the Issuer, or in the event of the dissolution, liquidation, insolvency, composition or other proceedings for the avoidance of insolvency against the Issuer, the obligations under the Capital Notes

(a) shall rank *pari passu* with obligations of the Issuer under other Additional Tier 1 Instruments, including the CHF 125,000,000 Undated Non-Cumulative Fixed to Reset Rate Additional Tier 1 Notes of the Issuer issued on 12 December 2019 (ISIN CH0508236590), if any;

(b) shall rank senior to obligations of the Issuer under Common Equity Tier 1 Instruments; and

(c) shall rank junior to Senior Ranking Obligations of the Issuer, so that in any such event no amounts shall be payable in respect of the Capital Notes until the Senior Ranking Obligations of the Issuer have been satisfied in full.

"Senior Ranking Obligations of the Issuer" means:

- (i) the claims of other creditors of the Issuer that are unsubordinated (including, but not limited to, claims against the Issuer under its non-preferred senior debt instruments pursuant to Section 46f para. 6 sentence 1 Banking Act);
- (ii) the claims under Tier 2 Instruments;
- (iii) the claims specified in Section 39 (1) nos. 1 to 5 InsO
- (iv) the claims arising from subordinated obligations within the meaning of Section 39(2) InsO or any successor provision thereof which do not qualify as own funds instruments at the time of resolution measures being imposed on the Issuer or in the event of the dissolution, liquidation, insolvency or composition of the Issuer or of other proceedings for the avoidance of insolvency against the

qualifizieren sind; und

- (v) die Forderungen aus anderen Instrumenten, die nach ihren Bedingungen oder zwingendem Recht vorrangig zu Instrumenten des zusätzlichen Kernkapitals (einschließlich, aber nicht ausschließlich, gemäß § 46f Absatz 7a Satz 3 KWG oder einer Nachfolgebestimmung) sind und nicht bereits unter Absätzen (i) oder (iv) erfasst sind.

Diese Nachrangregelung begründet ein Zahlungsverbot dahingehend, dass Zahlungen auf die Kapitalschuldverschreibungen von der Emittentin nur nach Maßgabe der Bestimmungen dieser Nachrangregelung geleistet und von den Gläubigern verlangt werden dürfen; dies schließt Zahlungen im Zusammenhang mit einem Rückkauf der Kapitalschuldverschreibungen durch die Emittentin ein.

Unter Beachtung dieser Nachrangregelung bleibt es der Emittentin unbenommen, ihre Verbindlichkeiten aus den Kapitalschuldverschreibungen auch aus dem sonstigen freien Vermögen zu bedienen.

Kein Gläubiger ist berechtigt, mit Ansprüchen aus den Kapitalschuldverschreibungen gegen Ansprüche der Emittentin aufzurechnen.

Den Gläubigern wird für ihre Rechte aus den Kapitalschuldverschreibungen weder durch die Emittentin noch durch Dritte irgendeine Sicherheit oder Garantie gestellt; eine solche Sicherheit oder Garantie wird auch zu keinem späteren Zeitpunkt gestellt werden.

(3) Zahlungen, die den Verboten in § 3(2) und diesem § 3(3) zuwiderlaufen, haben keine Tilgungswirkung. Nachträglich können der Nachrang gemäß § 3(1) und (2) nicht beschränkt sowie die Laufzeit der Kapitalschuldverschreibungen und jede anwendbare Kündigungsfrist nicht verkürzt werden. Werden die Kapitalschuldverschreibungen unter anderen als den in § 3(2) beschriebenen Umständen oder infolge einer Kündigung nach Maßgabe von § 7(2), § 7(3) oder § 7(4) zurückgezahlt oder von der Emittentin zurückerworben, so ist der zurückgezahlte oder gezahlte Betrag der Emittentin ohne Rücksicht auf entgegenstehende Vereinbarungen zurück zu gewähren, sofern nicht die Zuständige Aufsichtsbehörde der Rückzahlung oder dem Rückkauf zugestimmt hat. Eine Kündigung oder Rückzahlung der Kapitalschuldverschreibungen nach Maßgabe von § 7 oder ein Rückkauf der Kapitalschuldverschreibungen setzt die Erfüllung der Rückzahlungs- und Rückkaufbedingungen gemäß § 7(5) voraus.

Issuer; and

- (v) the claims arising from other instruments which pursuant to their terms or mandatory provisions of law (including but not limited pursuant to Section 46f para 7a sentence 3 KWG or any successor provision thereto) rank senior to Additional Tier 1 Instruments, to the extent not already covered by clauses (i) or (iv) above.

This provision on subordination shall establish a prohibition on payments to the effect that payments on the Capital Notes may only be made by the Issuer and demanded by the Holders in accordance with this provision on subordination; this includes payments in connection with a repurchase of the Capital Notes by the Issuer.

Subject to this compliance with this subordination provision, the Issuer may satisfy its obligations under the Capital Notes also from other distributable assets (*freies Vermögen*) of the Issuer.

No Holder may set off his claims arising under the Capital Notes against any claims of the Issuer.

No security or guarantee of whatever kind is provided by the Issuer or any other person securing rights of the Holders under the Capital Notes. Neither will such security or guarantee be provided at a later point in time.

(3) Payments that contravene the prohibition of payments in § 3(2) and this § 3(3) shall not have a discharging effect. No subsequent agreement may limit the subordination pursuant to the provisions set out in § 3(1) and (2) or shorten the term of the Capital Notes or any applicable notice period. If the Capital Notes are redeemed or repurchased by the Issuer otherwise than in the circumstances described in § 3(2) or as a result of a notice of redemption pursuant to § 7(2), § 7(3) or § 7(4), then the amounts redeemed or paid must be returned to the Issuer irrespective of any agreement to the contrary unless the Competent Supervisory Authority has approved such redemption or repurchase. A termination or redemption of the Capital Notes pursuant to § 7 or a repurchase of the Capital Notes requires the Conditions to Redemption and Repurchase pursuant to § 7(5) to be met.

(4) Hinweis auf vorinsolvenzliches Zahlungsverbot. Zu den Anforderungen gemäß § 5 und § 7(5) gehören gemäß § 5(2)(iv) und § 7(5)(b) die Bedingungen, dass an dem Tag der betreffenden Zahlung von Kapital oder Zinsen (i) die Emittentin weder überschuldet im Sinne von § 19 InsO noch zahlungsunfähig im Sinne von § 17 InsO ist noch eine Zahlungsunfähigkeit der Emittentin im Sinne von § 18 InsO droht, und (ii) die Zahlung des betreffenden Betrages weder zu einer Überschuldung der Emittentin im Sinne von § 19 InsO noch zu einer Zahlungsunfähigkeit der Emittentin im Sinne von § 17 InsO noch zu einer drohenden Zahlungsunfähigkeit der Emittentin im Sinne von § 18 InsO führt.

Das bedeutet, dass die Emittentin unabhängig von und bereits vor Einleitung eines Insolvenz- oder Liquidationsverfahrens über das Vermögen der Emittentin weder eine vorgesehene Zahlung von Zinsen noch eine Rückzahlung von Kapital vornehmen darf, wenn (i) die Emittentin am Tag der relevanten Zahlung überschuldet im Sinne von § 19 InsO oder zahlungsunfähig im Sinne von § 17 InsO ist oder eine Zahlungsunfähigkeit der Emittentin im Sinne von § 18 InsO droht (unabhängig davon, ob die Eröffnung des Insolvenzverfahrens beantragt wurde), oder (ii) die Zahlung des betreffenden Betrages zu einer Überschuldung im Sinne von § 19 InsO der Emittentin, einer Zahlungsunfähigkeit der Emittentin im Sinne von § 17 InsO oder einer drohenden Zahlungsunfähigkeit der Emittentin im Sinne von § 18 InsO (unabhängig davon, ob die Eröffnung des Insolvenzverfahrens beantragt wurde) führen oder ein solches Ereignis beschleunigen würde. Ein solches Zahlungsverbot kann für unbestimmte Zeit und sogar dauerhaft gelten.

§ 4 Zinsen

(1) Zinszahlungstage.
(a) Vorbehaltlich des Ausschlusses der Zinszahlung nach § 5(1) oder § 5(2) und einer Herabschreibung nach § 8 wird jede Kapitalschuldverschreibung bezogen auf ihren Aktuellen Nennbetrag ab dem 2. Juni 2022 (der "**Verzinsungsbeginn**") (ausschließlich) bis zum ersten Zinszahlungstag (einschließlich) und danach von jedem Zinszahlungstag (ausschließlich) bis zum nächstfolgenden Zinszahlungstag (einschließlich) verzinst.

(4) Note on prohibitions on payments applicable prior to an insolvency. The requirements set forth in § 5 and in § 7(5) include the conditions set forth in § 5(2)(iv) and § 7(5)(b) that on the date of the relevant payment of principal or interest (i) the Issuer is neither over-indebted (überschuldet) within the meaning of § 19 InsO nor illiquid (zahlungsunfähig) within the meaning of § 17 InsO nor there is an imminent illiquidity (drohende Zahlungsunfähigkeit) of the Issuer within the meaning of § 18 InsO, and (ii) the payment of the relevant amount would neither result in an over-indebtedness (Überschuldung) of the Issuer within the meaning of § 19 InsO nor an illiquidity (Zahlungsunfähigkeit) of the Issuer within the meaning of § 17 InsO nor an imminent illiquidity (drohende Zahlungsunfähigkeit) of the Issuer within the meaning of § 18 InsO.

This means that irrespective of, and even prior to, the commencement of any insolvency or liquidation proceedings over the assets of the Issuer, the Issuer shall not make a scheduled payment of interest or a repayment of principal if (i) on the date of the relevant payment, the Issuer is over-indebted (überschuldet) within the meaning of § 19 InsO or illiquid (zahlungsunfähig) within the meaning of § 17 InsO or there is an imminent illiquidity (drohende Zahlungsunfähigkeit) of the Issuer within the meaning of § 18 InsO of the Issuer (regardless of whether the commencement of insolvency proceedings has been applied for), or (ii) the payment of the relevant amount would result in an over-indebtedness (Überschuldung) of the Issuer within the meaning of § 19 InsO, an illiquidity (Zahlungsunfähigkeit) of the Issuer within the meaning of § 17 InsO or an imminent illiquidity (drohende Zahlungsunfähigkeit) of the Issuer within the meaning of § 18 InsO (regardless of whether the commencement of insolvency proceedings has been applied for) or would accelerate the occurrence of such an event. Such a prohibition on payments may be in effect for an indefinite period of time and even permanently.

§ 4 Interest

(1) Interest Payment Dates.
(a) Subject to a cancellation of interest payments pursuant to § 5(1) or § 5(2) and a write-down pursuant to § 8, each Capital Note shall bear interest on its Current Principal Amount from (but excluding) 2 June 2022 (the "**Interest Commencement Date**") to (and including) the first Interest Payment Date, and thereafter from (but excluding) each Interest Payment Date to (and including) the next following Interest Payment Date.

"Aktueller Nennbetrag" bezeichnet in Bezug auf eine Kapitalschuldverschreibung: (i) am Tag der Begebung der Kapitalschuldverschreibungen den Ursprünglichen Nennbetrag und (ii) anschließend ihren ggf. um durch Herabschreibungen nach § 8(1) verminderten (soweit nicht durch Hochschreibungen nach § 8(3) kompensierten) ausstehenden Nennbetrag.

Im Falle einer Herabschreibung nach § 8(1) werden die Kapitalschuldverschreibungen für die gesamte betreffende Zinsperiode, in welcher diese Herabschreibung nach § 8(1) erfolgt, wie folgt verzinst:

(i) Aufgelaufene aber nicht gezahlte Zinsen auf die Kapitalschuldverschreibungen bis zum Herabschreibungs-Stichtag (einschließlich) entfallen gemäß § 5(4); und

(ii) vorbehaltlich eines Ausschlusses der Zinszahlung gemäß § 5, werden die Kapitalschuldverschreibungen ab dem Herabschreibungs-Stichtag (ausschließlich) jeweils nur bezogen auf den dann Aktuellen Nennbetrag verzinst, wobei eine etwaige an dem Zinszahlungstag gemäß § 8(2) erfolgende Hochschreibung für diese Zinsperiode unberücksichtigt bleibt und sich erst ab der Zinsperiode auswirkt, die an dem Zinszahlungstag beginnt, zu welchem die Hochschreibung gemäß § 8(3) erfolgt (d.h. ab dem Hochschreibungstag).

Vorbehaltlich eines Ausschlusses der Zinszahlung nach § 5 werden Zinsen nachträglich an jedem Zinszahlungstag gezahlt.

(b) **"Zinszahlungstag"** bedeutet jeder 2. Juni. Erster Zinszahlungstag ist der 2. Juni 2023.

(c) Fällt ein Zinszahlungstag auf einen Tag, der kein Geschäftstag ist, dann haben die Gläubiger keinen Anspruch auf Zinszahlung vor dem nächstfolgenden Geschäftstag und die Gläubiger sind nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund einer solchen Verspätung zu verlangen.

(2) *Zinssatz.*

(a) Der auf die Kapitalschuldverschreibungen anwendbare Zinssatz (der **"Zinssatz"**)

(i) für jede Zinsperiode, die in den Zeitraum vom Verzinsungsbeginn (ausschließlich) bis zum 2. Juni 2027 (einschließlich) fällt, entspricht 5,750 % *per annum*, und

(ii) für jede Zinsperiode, in die ein Zinsanpassungstag fällt, entspricht:

"Current Principal Amount" means, with respect to any Capital Note: (i) at the issue date of the Capital Notes, the Initial Principal Amount of such Capital Note and (ii) thereafter, the then outstanding principal amount of such Capital Note as reduced by, as applicable, any write-downs pursuant to § 8(1) (to the extent not made up for by write-ups pursuant to § 8(3)).

In the event of a write-down pursuant to § 8(1), the Capital Notes shall, for the full Interest Period in which such write-down pursuant to § 8(1) occurred, bear interest as follows:

(i) Any accrued but unpaid interest on the Capital Notes up to (and including) the Write-Down Effective Date will be cancelled in accordance with § 5(4); and

(ii) subject to a cancellation of interest payments pursuant to § 5, the Capital Notes will bear interest from (but excluding) the Write-Down Effective Date only on the then Current Principal Amount; a potential write-up pursuant to § 8(2) which may occur on the relevant Interest Payment Date will not be taken into account for such Interest Period and will only become effective from the Interest Period commencing on the Interest Payment Date on which the write-up occurs pursuant to § 8(3) (i.e. from the Write-up Date).

Subject to a cancellation of interest payments pursuant to § 5, interest shall be paid in arrears on each Interest Payment Date.

(b) **"Interest Payment Date"** means each 2 June. The first Interest Payment Date is 2 June 2023.

(c) If any Interest Payment Date would otherwise fall on a day which is not a Business Day, then the Holders shall not be entitled to payment of interest until the next day which is a Business Day and the Holders are not entitled to demand further interest or other amounts in respect of such delay.

(2) *Rate of Interest.*

(a) The rate of interest applicable to the Capital Notes (the **"Rate of Interest"**)

(i) for each Interest Period falling in the period from (but excluding) the Interest Commencement Date to and including 2 June 2027 shall be equal to 5.750% *per annum*, and

(ii) for each Interest Period in which a Reset Date occurs,

(x) für den Zeitraum der Zinsperiode, der an dem betreffenden Zinsanpassungstag (einschließlich) endet, dem für die unmittelbar vorangegangene Zinsperiode anwendbaren Zinssatz und

(y) für den Zeitraum der Zinsperiode, der an dem betreffenden Zinsanpassungstag (ausschließlich) beginnt, dem an dem für den Resetzeitraum, der an diesem Zinsanpassungstag (ausschließlich) beginnt, maßgeblichen Zinsfestlegungstag bestimmten Referenzsatz (gerundet, falls erforderlich, auf den nächsten 1/100.000 Prozentpunkt, wobei 0,000005 aufgerundet werden) zuzüglich der Marge, wobei der Zinssatz in Bezug auf eine Zinsperiode jedoch mindestens 0 % entspricht. Alle Festlegungen gemäß diesem Absatz (y) erfolgen durch die Berechnungsstelle; und

(iii) für jede in einen Resetzeitraum fallende Zinsperiode, in die kein Zinsanpassungstag fällt, entspricht dem an dem für diesen Resetzeitraum maßgeblichen Zinsfestlegungstag bestimmten Referenzsatz (gerundet, falls erforderlich, auf den nächsten 1/100.000 Prozentpunkt, wobei 0,000005 aufgerundet werden) zuzüglich der Marge, wobei der Zinssatz in Bezug auf eine Zinsperiode jedoch mindestens 0 % entspricht. Alle Festlegungen gemäß diesem Absatz (iii) erfolgen durch die Berechnungsstelle.

"Zinsperiode" bezeichnet in Bezug auf die erste Zinsperiode den Zeitraum von dem Verzinsungsbeginn (ausschließlich) bis zum ersten Zinszahlungstag (einschließlich) und in Bezug auf jede nachfolgende Zinsperiode den jeweiligen Zeitraum von einem Zinszahlungstag (ausschließlich) bis zum jeweils unmittelbar folgenden Zinszahlungstag (einschließlich).

"Zinsanpassungstag" bezeichnet den 2. Dezember 2027 (der **"Erste Zinsanpassungstag"**) und jeden fünften Jahrestag des jeweils unmittelbar vorhergehenden Zinsanpassungstages.

"Resetzeitraum" bezeichnet den Zeitraum von einem Zinsanpassungstag (ausschließlich) bis zum nächstfolgenden Zinsanpassungstag (einschließlich).

"Zinsfestlegungstag" bezeichnet in Bezug auf den Referenzsatz, der für einen Resetzeitraum festzustellen ist, den zweiten Geschäftstag vor dem Zinsanpassungstag, an dem dieser Resetzeitraum beginnt.

"Marge" bezeichnet 4,945 % *per annum*. Die Marge entspricht dem ursprünglichen Kredit-Spread im Zeitpunkt der Preisfindung.

(x) for the portion of the Interest Period ending on (and including) such Reset Date, corresponds to the Rate of Interest applicable to the immediately preceding Interest Period, and

(y) for the portion of the Interest Period commencing on (but excluding) such Reset Date, corresponds to the Reference Rate (rounded up or down, if necessary, to the nearest 1/100,000 of a percentage point (with 0.000005 being rounded upwards)) determined on the relevant Interest Determination Date for the Reset Period commencing on (but excluding) such Reset Date plus the Margin, provided however, that the Rate of Interest for any Interest Period will correspond to at least 0 %. All determinations pursuant to this paragraph (y) shall be made by the Calculation Agent; and

(iii) for each Interest Period falling in any Reset Period and in which no Reset Date occurs, corresponds to the Reference Rate (rounded up or down, if necessary, to the nearest 1/100,000 of a percentage point (with 0.000005 being rounded upwards)) determined on the relevant Interest Determination Date for such Reset Period plus the Margin, provided however, that the Rate of Interest for any Interest Period will correspond to at least 0 %. All determinations pursuant to this paragraph (iii) shall be made by the Calculation Agent.

"Interest Period" means, in case of the first Interest Period, the period from (but excluding) the Interest Commencement Date to (and including) the first Interest Payment Date and, in case of any Interest Period thereafter, the period from (but excluding) an Interest Payment Date to (and including) the next following Interest Payment Date.

"Reset Date" means 2 December 2027 (the **"First Reset Date"**) and thereafter each fifth anniversary of the immediately preceding Reset Date.

"Reset Period" means the period from (but excluding) a Reset Date to (and including) the next following Reset Date.

"Interest Determination Date" means, in respect of the Reference Rate to be determined for any Reset Period, the second Business Day preceding the Reset Date on which such Reset Period commences.

"Margin" means 4.945% *per annum*. The Margin is equal to the initial credit spread at the time of pricing.

"Referenzsatz" ist, in Bezug auf jeden Resetzeitraum und vorbehaltlich der nachstehenden Bestimmungen und vorbehaltlich § 4(2)(b), der Fünf-Jahres CHF Mid-Market Swapsatz mit einem auf SARON (Swiss Average Rate Overnight) basierenden variabel verzinslichen Teil (der **"Mid-Swapsatz"**), der auf der Bildschirmseite am betreffenden Zinsfestlegungstag gegen 11:00 Uhr (Züricher Ortszeit) angezeigt wird. Alle in dieser Definition beschriebenen Festlegungen erfolgen dabei durch die Berechnungsstelle.

"Bildschirmseite" bedeutet die GOTTEX Seite "CHF LCH – CHF Main Page" (oder (i) die etwaige andere Seite, welche diese Seite auf GOTTEX ersetzt oder (ii) die etwaige andere Seite eines anderen Informationsservice, welche GOTTEX für Zwecke der Anzeige des Mid-Swapsatzes ersetzt, wie jeweils von der Berechnungsstelle nach billigem Ermessen ausgewählt).

Sollte der Mid-Swapsatz auf der Bildschirmseite am betreffenden Zinsfestlegungstag für den jeweiligen Resetzeitraum gegen 11:00 Uhr (Züricher Ortszeit) nicht angezeigt werden, wird der Referenzsatz für diesen Resetzeitraum von der Berechnungsstelle auf der Grundlage der Fünf-Jahres-Mid-Swap-Quotierung, die ihr von den Referenzbanken um ca. 11.00 Uhr (Züricher Ortszeit) an diesem Zinsfestlegungstag gemeldet werden, festgelegt.

Falls drei oder mehr Referenzbanken der Berechnungsstelle solche Fünf-Jahres-Mid-Swap-Quotierungen nennen, ist der Referenzsatz für den betreffenden Resetzeitraum das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf den nächsten 1/100.000 Prozentpunkt, wobei 0,000005 aufgerundet werden) dieser Quotierungen, wobei die höchste bzw. eine der höchsten Quotierungen bei identischen Quotierungen und die niedrigste Quotierung bzw. eine der niedrigsten Quotierungen bei identischen Quotierungen nicht mitgezählt werden. Alle Festlegungen zum Zweck der Bestimmung des Referenzsatzes auf Grundlage der Fünf-Jahres-Mid-Swap-Quotierungen erfolgen dabei durch die Berechnungsstelle.

Falls nur zwei Referenzbanken der Berechnungsstelle solche Fünf-Jahres-Mid-Swap-Quotierungen nennen, ist der Referenzsatz für den betreffenden Resetzeitraum das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf den nächsten 1/100.000 Prozentpunkt, wobei 0,000005 aufgerundet werden) dieser Quotierungen.

Falls nur eine der Referenzbanken der Berechnungsstelle eine solche Fünf-Jahres-Mid-Swap-Quotierung nennt, entspricht der Referenzsatz für den betreffenden Resetzeitraum dieser

"Reference Rate" means, in respect of any Reset Period and subject to the provisions below and subject to § 4(2)(b), the five-year CHF mid-market swap rate with a floating leg based on SARON (Swiss Average Rate Overnight) (the **"Mid-Swap Rate"**) that appears on the Screen Page at or about 11.00 a.m. (Zurich time) on the relevant Interest Determination Date. All determinations described in this definition shall be made by the Calculation Agent.

"Screen Page" means GOTTEX page "CHF LCH – CHF Main Page" (or such other page as may replace that page on GOTTEX or (ii) such other page on such other information service that may replace GOTTEX for purposes of displaying the Mid-Swap Rate, in each case as selected by the Calculation Agent in its reasonable discretion).

If the Mid-Swap Rate does not appear on the Screen Page at or about 11.00 a.m. (Zurich time) on the relevant Interest Determination Date in respect of any Reset Period, the Calculation Agent shall determine the Reference Rate for such Reset Period on the basis of the 5 Year Mid Swap Quotation as communicated to the Calculation Agent by the Reference Banks at approximately 11.00 a.m. (Zurich time) on such Interest Determination Date.

If three or more of the Reference Banks provide the Calculation Agent with such 5 Year Mid Swap Quotations, the Reference Rate for the relevant Reset Period shall be the arithmetic mean (rounded up or down if necessary, to the nearest 1/100,000 of a percentage point (with 0.000005 being rounded upwards)) of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in case of equality, one of the lowest). All determinations for purposes of determining the Reference Rate on the basis of 5 Year Mid Swap Quotations shall be made by the Calculation Agent.

If only two Reference Banks provide the Calculation Agent with such 5 Year Mid Swap Quotations, the Reference Rate for the relevant Reset Period shall be the arithmetic mean (rounded up or down if necessary, to the nearest 1/100,000 of a percentage point (with 0.000005 being rounded upwards)) of such quotations.

If only one Reference Bank provides the Calculation Agent with such 5 Year Mid Swap Quotation, the Reference Rate for the relevant Reset Period shall be such quotation.

Quotierung.

Falls keine der Referenzbanken der Berechnungsstelle eine solche Fünf-Jahres-Mid-Swap-Quotierung nennt, entspricht der Referenzsatz für den betreffenden Resetzeitraum dem Mid-Swapsatz, der zuletzt vor dem Zinsfestlegungstag auf der Bildschirmseite angezeigt wurde.

"Fünf-Jahres-Mid-Swap-Quotierung" bedeutet in Bezug auf den jeweiligen Resetzeitraum das arithmetische Mittel der Geld- und Briefkurse für den jährlichen festverzinslichen Teil (berechnet auf der Basis eines Actual/360 Zinstagequotienten) einer Zinsswaptransaktion in CHF, bei der ein fester Zinssatz gegen einen variablen Zinssatz getauscht wird und die:

- (i) eine fünfjährige Laufzeit hat, beginnend mit dem Zinsanpassungstag, an dem der betreffende Resetzeitraum beginnt,
- (ii) über einen Betrag lautet, der für eine einzelne Transaktion im relevanten Markt zum jeweiligen Zeitpunkt mit einem anerkannten Händler mit guter Bonität auf dem Swap-Markt ein repräsentativer Wert ist, und
- (iii) einen auf dem Swiss Average Rate Overnight-Zinssatz (SARON) basierenden variabel verzinslichen Teil hat (berechnet auf Basis des Zinstagequotienten, der für variabel verzinsliche Zahlungen in CHF üblich ist).

"Referenzbanken" bezeichnet fünf von der Berechnungsstelle ausgewählte führende Händler im CHF Swapmarkt.

(b) Sollte der Referenzsatz an einem Zinsfestlegungstag nicht mehr berechnet oder verwaltet werden oder aus sonstigen Gründen dauerhaft nicht verfügbar sein oder die Verwendung des Referenzsatzes zur Berechnung oder Bestimmung des Zinssatzes für die Zahlstellen, die Berechnungsstelle, die Emittentin oder einen anderen Beteiligten rechtswidrig sein, tritt an die Stelle des Referenzsatzes für die Berechnung des Zinssatzes für die Restlaufzeit der Kapitalschuldverschreibungen (i) falls ein Nachfolger des Referenzsatzes offiziell bekanntgegeben wird (der **„Nachfolge-Referenzsatz“**), dieser Nachfolge-Referenzsatz oder (ii) falls kein Nachfolge-Referenzsatz zur Verfügung steht und ein Ersatz-Referenzsatz, der nach Ansicht der Emittentin dem Referenzsatz in seiner Zusammensetzung möglichst nahekommt (der **„Ersatz-Referenzsatz“**) von der Emittentin (nach Konsultierung der Berechnungsstelle) bestimmt wird, dieser Ersatz-Referenzsatz. Voraussetzung hierfür ist, dass der Nachfolge-Referenzsatz bzw. der Ersatz-Referenzsatz gemäß Artikel 29 Absatz (1) der

If no Reference Bank provides the Calculation Agent with such 5 Year Mid Swap Quotation, the Reference Rate for the relevant Reset Period shall be the Mid-Swap Rate last displayed on the Screen Page prior to the relevant Interest Determination Date.

"5 Year Mid Swap Quotation" means, in relation to any Reset Period, the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on an Actual/360 day count fraction basis) of a fixed-for-floating interest rate swap transaction in CHF which:

- (i) has a term of five years, commencing on the Reset Date on which such Reset Period commences,
- (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and
- (iii) has a floating rate leg based on the Swiss Average Rate Overnight (SARON) (calculated on the day count basis customary for floating rate payments in CHF).

"Reference Banks" means five major dealers in the CHF swap market, as selected by the Calculation Agent.

(b) If on any Interest Determination Date the Reference Rate has ceased to be calculated or administered or is permanently not available for any other reason or it is unlawful for any Paying Agent, the Calculation Agent, the Issuer or any other party to use the Reference Rate to calculate or determine the Rate of Interest, the Reference Rate shall, for the remaining life of the Capital Notes, be replaced with (i) in case a successor reference rate is officially announced as successor to the Reference Rate (the **"Successor Reference Rate"**), such Successor Reference Rate, or (ii) in case no Successor Reference Rate is available and a substitute reference rate that, in the opinion of the Issuer, comes as close as possible to the composition of the Reference Rate (the **"Substitute Reference Rate"**) has been determined by the Issuer (following consultation with the Calculation Agent), such Substitute Reference Rate, provided that, in accordance with Article 29 sub-paragraph (1) of the Regulation (EU) 2016/1011 of the European Parliament and of the

Verordnung (EU) 2016/1011 des Europäischen Parlaments und des Rates vom 8. Juni 2016 über Indizes, die bei Finanzinstrumenten und Finanzkontrakten als Referenzwert oder zur Messung der Wertentwicklung eines Investmentfonds verwendet werden (die "**Benchmarks-Verordnung**"), (x) von einem Administrator bereitgestellt wird, der in der Europäischen Union angesiedelt ist und in das Register nach Artikel 36 der Benchmarks-Verordnung eingetragen ist, oder (y) von einem in einem Drittstaat angesiedelten Administrator für die Verwendung in der Europäischen Union bereitgestellt wird und der Ersatz-Referenzzinssatz sowie der Administrator in das Register nach Artikel 36 der Benchmarks-Verordnung eingetragen sind. Eine solche Ersetzung ist den Zahlstellen und der Berechnungsstelle sowie gemäß § 14 den Gläubigern mitzuteilen.

Sollten im Zusammenhang mit der Ersetzung des Referenzzinssatzes nach Ansicht der Emittentin (nach Konsultierung der Berechnungsstelle) Folgeänderungen in diesem § 4 erforderlich sein, um (i) die wirtschaftliche Vergleichbarkeit des ursprünglichen Referenzzinssatzes mit dem Nachfolge-Referenzzinssatz bzw. dem Ersatz-Referenzzinssatz herzustellen (dies kann unter anderem die Bestimmung einer Anpassungsspanne umfassen) oder (ii) die ordnungsgemäße Anwendung des Nachfolge-Referenzzinssatzes bzw. des Ersatz-Referenzzinssatzes zu gewährleisten (dies kann unter anderem Anpassungen im Hinblick auf die anwendbare Zahltagskonvention (bzw. Geschäftstagekonvention), den Zinstagequotienten, den Zinsfestlegungstag, die relevante Bildschirmseite oder andere Informationsquelle umfassen), so wird die Emittentin diese Folgeänderungen unter Berücksichtigung der üblichen Marktpraxis für den jeweiligen Nachfolge-Referenzzinssatz bzw. Ersatz-Referenzzinssatz vornehmen. Derartige Folgeänderungen sind den Zahlstellen und der Berechnungsstelle sowie gemäß § 14 den Gläubigern mitzuteilen.

(3) *Zinsbetrag.* Die Berechnungsstelle wird in Bezug auf jeden Resetzeitraum an dem betreffenden Zinsfestlegungstag um oder baldmöglichst nach 11:00 Uhr (Züricher Zeit) den Zinssatz in Bezug auf diesen Resetzeitraum bestimmen und den auf die Kapitalschuldverschreibungen (vorbehaltlich § 5(1) und § 5(2)) zahlbaren Zinsbetrag in Bezug auf den Aktuellen Nennbetrag (der "**Zinsbetrag**") für die Zinsperioden, die (vollständig oder teilweise) in diesen Resetzeitraum fallen, berechnen. Der Zinsbetrag für jede dieser Zinsperioden wird ermittelt, indem der betreffende Zinssatz und der Zinstagequotient auf den Aktuellen Nennbetrag (vorbehaltlich § 8(1)) angewendet werden. Der resultierende Betrag wird auf die kleinste Einheit der

Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmarks Regulation**"), such Successor Reference Rate or, as applicable, such Substitute Reference Rate (x) will be provided by an administrator located in the European Union and which will be included in the register as referred to Article 36 of the Benchmarks Regulation or (y) will be provided by an administrator located in a third country for use in the European Union and the substitute reference rate of interest as well as the administrator will be included in the register as referred to Article 36 of the Benchmarks Regulation. Such replacement shall be notified to the Paying Agents and the Calculation Agent and to the Holders in accordance with § 14.

If, in the opinion of the Issuer (following consultation with the Calculation Agent), adjustments to this § 4 become necessary in connection with such substitution in order to (i) achieve that the original Reference Rate and the Successor Reference Rate or, as applicable, the Substitute Reference Rate will be commercially equivalent to each other (and such adjustments may include, amongst others, that an adjustment spread is determined) or (ii) ensure the proper operation of the Successor Reference Rate or, as applicable, the Substitute Reference Rate (and such adjustments may include, amongst others, changes to the applicable payment day (or, as applicable, business day) convention, the Day Count Fraction, the Interest Determination Date, the relevant Screen Page or other source of information), then the Issuer will provide for such adjustments taking into account the customary market practice in respect of the relevant Successor Reference Rate or, as applicable, Substitute Reference Rate. Any such adjustments shall be notified to the Paying Agents and the Calculation Agent and to the Holders in accordance with § 14.

(3) *Interest Amount.* With respect to each Reset Period, the Calculation Agent will, on or as soon as practicable after 11:00 a.m. (Zurich time) on the relevant Interest Determination Date, determine the Rate of Interest in relation to such Reset Period, and calculate the amount of interest payable on the Capital Notes (subject to § 5(1) and § 5(2)) in respect of the Current Principal Amount (the "**Interest Amount**") for the relevant Interest Periods falling (in whole or in part) in such Reset Period. The Interest Amount for each such Interest Period shall be calculated by applying the relevant Rate of Interest and the Day Count Fraction to the Current Principal Amount (subject to § 8(1)). The resultant figure shall be rounded up or down to the

Festgelegten Währung auf- oder abgerundet, wobei 0,5 solcher Einheiten aufgerundet werden.

Im Fall einer Herabschreibung gemäß § 8(1) oder einer Hochschreibung gemäß § 8(2) und nachdem die Emittentin der Berechnungsstelle (i) den neuen Aktuellen Nennbetrag und (ii) den Tag, ab dem dieser neue Aktuelle Nennbetrag gilt, mitgeteilt hat, wird die Berechnungsstelle den Zinsbetrag für die betroffene Zinsperiode, in die diese Herabschreibung oder Hochschreibung fällt, sofern erforderlich, und für die nachfolgenden Zinsperioden des Resetzeitraums, in den diese Herabschreibung oder Hochschreibung fällt, neu berechnen; diese Neuberechnung erfolgt im Einklang mit den Bestimmungen des § 4(1)(a).

Zur Klarstellung: Die Höhe des auf die Kapitalschuldverschreibungen jeweils zahlbaren Zinsbetrages wird nicht aufgrund der Bonität der Emittentin oder eines mit ihr verbundenen Unternehmens angepasst.

(4) *Mitteilung von Zinssatz und Zinsbetrag.* Die Berechnungsstelle wird veranlassen, dass (x) in Bezug auf jeden Resetzeitraum der Zinssatz für den betreffenden Resetzeitraum, der Zinsbetrag für die erste Zinsperiode, die in diesem Resetzeitraum endet und der Zinsbetrag für jede Zinsperiode, die in dem betreffenden Resetzeitraum beginnt, sowie (ii) jeder etwaige von der Berechnungsstelle gemäß § 4(3) neu berechnete Zinsbetrag (i) der Emittentin, den Zahlstellen und den Gläubigern gemäß § 14 und (ii) jeder Börse, an der die Kapitalschuldverschreibungen auf Veranlassung der Emittentin zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, jeweils baldmöglichst, aber keinesfalls später als am vierten auf die Berechnung jeweils folgenden Geschäftstag mitgeteilt werden.

(5) *Verbindlichkeit der Festsetzungen.* Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieses § 4 gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht vorsätzliches Fehlverhalten oder ein offener Irrtum vorliegt) für die Emittentin, die Zahlstellen und die Gläubiger bindend.

(6) *Auflaufende Zinsen.* Der Zinslauf der Kapitalschuldverschreibungen endet mit Ablauf des Tages, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Kapitalschuldverschreibungen bei Fälligkeit nicht einlöst, ist der Aktuelle Nennbetrag jeder Kapitalschuldverschreibung vom Tag der Fälligkeit an (ausschließlich) bis zum Tag der tatsächlichen Rückzahlung der Kapitalschuldverschreibungen (einschließlich) in

smallest unit of the Specified Currency, with 0.5 of such unit being rounded upwards.

In the case of a write-down pursuant to § 8(1) or a write-up pursuant to § 8(2) and following receipt by the Calculation Agent of notice from the Issuer specifying (i) the new Current Principal Amount and (ii) the date on which such new Current Principal Amount will become effective, the Calculation Agent shall recalculate the Interest Amount for the affected Interest Period in which such write-down or write-up occurs, if necessary, and for each subsequent Interest Period in the Reset Period in which such write-down or write-up occurs; such recalculation shall be done in accordance with the provisions set out in § 4(1)(a).

For the avoidance of doubt: The level of any Interest Amount payable on the Capital Notes will not be amended on the basis of the credit standing of the Issuer or any affiliated entity.

(4) *Notification of Rate of Interest and Interest Amount.* The Calculation Agent will cause (x) with respect to each Reset Period, the applicable Rate of Interest for such Reset Period, the Interest Amount for the first Interest Period ending in such Reset Period and the Interest Amount for each Interest Period commencing in such Reset Period and (y) any recalculated Interest Amount determined by the Calculation Agent in accordance with § 4(3), to be notified (i) to the Issuer, to the Paying Agents and to the Holders in accordance with § 14 and (ii) , if required by the rules of any stock exchange on which the Capital Notes are listed from time to time at the request of the Issuer, to such stock exchange, in each case as soon as possible after their determination, but in no event later than the fourth Business Day thereafter.

(5) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 4 by the Calculation Agent shall (in the absence of wilful misconduct or manifest error) be binding on the Issuer, the Paying Agents and the Holders.

(6) *Accrual of Interest.* The Capital Notes shall cease to bear interest from the end of the day on which they are due for redemption. If the Issuer shall fail to redeem the Capital Notes when due, interest shall continue to accrue on the Current Principal Amount of each Capital Note from (but excluding) the due date to (but including) the date of actual redemption of the Capital Notes at the default rate of interest established by law¹.

Höhe des gesetzlich festgelegten Zinssatzes für Verzugszinsen¹ zu verzinsen.

(7) *Zinstagequotient.* "**Zinstagequotient**" bezeichnet im Hinblick auf die Berechnung eines Zinsbetrages für einen beliebigen Zeitraum (der "**Zinsberechnungszeitraum**") die Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 360, wobei die Anzahl der Tage auf der Grundlage eines Jahres von 360 Tagen mit zwölf Monaten zu je 30 Tagen zu ermitteln ist (es sei denn, (A) der letzte Tag des Zinsberechnungszeitraums fällt auf den 31. Tag eines Monats, während der erste Tag des Zinsberechnungszeitraumes weder auf den 30. noch auf den 31. Tag eines Monats fällt, wobei in diesem Fall der diesen Tag enthaltene Monat nicht als ein auf 30 Tage gekürzter Monat zu behandeln ist, oder (B) der letzte Tag des Zinsberechnungszeitraumes fällt auf den letzten Tag des Monats Februar, wobei in diesem Fall der Monat Februar nicht als ein auf 30 Tage verlängerter Monat zu behandeln ist).

(7) *Day Count Fraction.* "**Day Count Fraction**" means, in respect of the calculation of any interest amount for any period of time (the "**Calculation Period**"), the number of days in the Calculation Period divided by 360, the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (A) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (B) the last day of the Calculation Period is the last day of the month of February in which case the month of February shall not be considered to be lengthened to a 30-day month).

§ 5 Ausschluss der Zinszahlung

(1) *Ausschluss der Zinszahlung im Ermessen der Emittentin.* Die Emittentin hat das Recht, jederzeit die Zinszahlung nach freiem Ermessen ganz oder teilweise entfallen zu lassen. Sie teilt den Gläubigern unverzüglich, spätestens jedoch am betreffenden Zinszahlungstag gemäß § 14 mit, wenn sie von diesem Recht Gebrauch macht und beziffert den Betrag, mit dem sie von diesem Recht Gebrauch macht sowie die gegebenenfalls verbleibende Zinszahlung. Die Erklärung der Emittentin gegenüber den Gläubigern über einen vollständigen oder teilweisen Zinsausfall kann auch konkludent durch Nichtzahlung der Zinsen oder nur teilweise Zahlung der Zinsen am betreffenden Zinszahlungstag erfolgen. Das Unterbleiben einer Mitteilung gemäß § 14 gegenüber den Gläubigern berührt somit nicht die Wirksamkeit des Ausfalls der Zinszahlung und stellt keine Pflichtverletzung der Emittentin unter diesen Anleihebedingungen dar und berechtigt die Gläubiger nicht zur Kündigung der Kapitalschuldverschreibungen. Eine bis zum betreffenden Zinszahlungstag nicht erfolgte Mitteilung ist unverzüglich nachzuholen.

(2) *Obligatorischer Ausschluss der Zinszahlung.* Eine Zinszahlung auf die Kapitalschuldverschreibungen ist für die betreffende Zinsperiode ausgeschlossen und entfällt (ohne Einschränkung des freien Ermessens nach § 5(1)):

§ 5 Cancellation of Interest Payment

(1) *Cancellation of Interest Payment at the Discretion of the Issuer.* The Issuer has the right, in its sole discretion and at any time, to cancel all or part of any payment of interest. If the Issuer makes use of such right, it shall give notice to the Holders in accordance with § 14 without undue delay but no later than on the relevant Interest Payment Date and specifies the amount for which it makes use of such right and the remaining amount of interest to be paid (if any). The declaration by the Issuer towards the Holders regarding the cancellation of all or part of any interest payment can also be implied in the non-payment or partial payment of interest on the relevant Interest Payment Date. Therefore, any failure to give notice in accordance with § 14 to the Holders shall not affect the validity of the cancellation and shall not constitute a default of the Issuer under these Terms and Conditions and shall not entitle the Holders to call the Capital Notes for redemption. A notice which has not been given until the relevant Interest Payment Date shall be given without undue delay thereafter.

(2) *Compulsory Cancellation of Interest Payment.* Payment of interest on the Capital Notes for the relevant Interest Period shall be excluded and cancelled (without prejudice to the exercise of sole discretion pursuant to § 5(1)):

¹ Der gesetzliche Verzugszinssatz beträgt gemäß §§ 288 Absatz 1, 247 BGB für das Jahr fünf Prozentpunkte über dem von der Deutsche Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz.
The default rate of interest per year pursuant to Sections 288 (1), 247 of the German Civil Code (BGB) is five percentage points above the basic rate of interest published by Deutsche Bundesbank from time to time.

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| (i) soweit eine solche Zinszahlung zusammen mit | (i) to the extent that such payment of interest together with |
| (A) dem Betrag einer etwaigen Hochschreibung nach § 8(2), die zu dem betreffenden Zinszahlungstag durchgeführt werden soll; | (A) the amount of a write-up, if any, in accordance with § 8(2) to be effected as of the relevant Interest Payment Date; |
| (B) den an demselben Tag geplanten oder erfolgenden und den in dem laufenden Geschäftsjahr der Emittentin bereits erfolgten weiteren Ausschüttungen auf andere Kernkapitalinstrumente; und | (B) any additional Distributions that are scheduled to be made or have been made on the same day or that have been made by the Issuer on other Tier 1 Instruments in the then current financial year of the Issuer; and |
| (C) dem Gesamtbetrag etwaiger Hochschreibungen auf andere Instrumente des zusätzlichen Kernkapitals, die zu dem betreffenden Zinszahlungstag durchgeführt werden sollen oder in dem laufenden Geschäftsjahr der Emittentin durchgeführt wurden, | (C) the total amount of write-ups, if any, on any other Additional Tier 1 Instruments to be effected as of the relevant Interest Payment Date or that have been effected in the then current financial year of the Issuer, |

die Ausschüttungsfähigen Posten übersteigen würde, wobei die Ausschüttungsfähigen Posten für diesen Zweck um einen Betrag erhöht werden, der bereits als Aufwand für Ausschüttungen in Bezug auf Kernkapitalinstrumente (einschließlich Zinszahlungen auf die Kapitalschuldverschreibungen) in die Ermittlung des Jahresüberschusses, der den Ausschüttungsfähigen Posten zugrunde liegt, eingegangen ist; oder

would exceed the Available Distributable Items, provided that, for such purpose, the Available Distributable Items shall be increased by an amount equal to what has been accounted for as expenses for Distributions in respect of Tier 1 Instruments (including payments of interest on the Capital Notes) in the determination of the annual net income (*Jahresüberschuss*) on which the Available Distributable Items are based; or

(ii) wenn und soweit eine Zuständige Aufsichtsbehörde anordnet, dass diese Zinszahlung insgesamt oder teilweise entfällt; oder

(ii) if and to the extent that a Competent Supervisory Authority orders that all or part of the relevant payment of interest be cancelled; or

(iii) wenn und soweit ein anderes gesetzliches oder behördliches Ausschüttungsverbot besteht oder irgendeine andere Beschränkung von Ausschüttungen unter den Anwendbaren Aufsichtsrechtlichen Vorschriften besteht; oder

(iii) if and to the extent that another prohibition of Distributions is imposed by law or an authority or any other restriction to make Distributions exists under the Applicable Supervisory Regulations; or

(iv) wenn die Emittentin am betreffenden Zinszahlungstag überschuldet im Sinne von § 19 InsO oder zahlungsunfähig im Sinne von § 17 InsO ist oder eine Zahlungsunfähigkeit der Emittentin im Sinne von § 18 InsO droht, oder soweit diese Zinszahlung zu einer Überschuldung der Emittentin im Sinne von § 19 InsO oder einer Zahlungsunfähigkeit der Emittentin im Sinne von § 17 InsO oder einer drohenden Zahlungsunfähigkeit der Emittentin im Sinne von § 18 InsO führen würde.

(iv) if the Issuer is over-indebted (*überschuldet*) within the meaning of § 19 InsO or illiquid (*zahlungsunfähig*) within the meaning of § 17 InsO or there is an imminent illiquidity (*drohende Zahlungsunfähigkeit*) of the Issuer within the meaning of § 18 InsO on the relevant Interest Payment Date, or to the extent that the relevant payment of interest would result in an overindebtedness (*Überschuldung*) of the Issuer within the meaning of § 19 InsO or in an illiquidity (*Zahlungsunfähigkeit*) of the Issuer within the meaning of § 17 InsO or in an imminent illiquidity (*drohende Zahlungsunfähigkeit*) of the Issuer within the meaning of § 18 InsO.

(v) Zu den gesetzlichen oder behördlichen Ausschüttungsverboten nach (iii) zählen insbesondere (jedoch nicht ausschließlich)

(v) Prohibitions of Distributions imposed by law or an authority pursuant to (iii) include, but are not limited to,

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| <p>(A) Beschränkungen von Ausschüttungen infolge einer Nichterfüllung von gesetzlichen oder behördlichen Eigenmittel- oder Kapitalpufferanforderungen (nach § 10i KWG und/oder anderen zum betreffenden Zeitpunkt maßgeblichen Anwendbaren Aufsichtsrechtlichen Vorschriften);</p> | <p>(A) any restrictions of Distributions as a result of non-compliance with statutory or administrative requirements for own funds or capital buffers (pursuant to § 10i of the Banking Act and/or other relevant Applicable Supervisory Regulations applicable at the relevant point in time);</p> |
| <p>(B) Beschränkungen von Ausschüttungen im Zusammenhang mit der Berechnung des Maximum Distributable Amount (MDA);</p> | <p>(B) any restrictions of Distributions in connection with the calculation of the Maximum Distributable Amount (MDA);</p> |
| <p>(C) Beschränkungen von Ausschüttungen, die sich aus dem Maximum Distributable Amount (MDA) ergeben; und</p> | <p>(C) any restrictions of Distributions resulting from the Maximum Distributable Amount (MDA); and</p> |
| <p>(D) sonstige Beschränkungen von Ausschüttungen, die als ausschüttungsfähiger Höchstbetrag gemäß den jeweils Anwendbaren Aufsichtsrechtlichen Vorschriften gelten, die erfordern, dass ein ausschüttungsfähiger Höchstbetrag berechnet wird, wenn die Emittentin und/oder die Gruppe der Emittentin geltende Kapitaladäquanz- oder Puffer-Anforderungen nicht erfüllen, die zum betreffenden Zeitpunkt auf die Emittentin und/oder die Gruppe der Emittentin anwendbar sind, wie z.B. der ausschüttungsfähige Höchstbetrag hinsichtlich des M-MDA, falls zum jeweiligen Zeitpunkt auf die Emittentin anwendbar.</p> | <p>(D) any other restrictions of Distributions operating as maximum distributable amount under the then Applicable Supervisory Regulations requiring a maximum distributable amount to be calculated if the Issuer and/or the Issuer's group is failing to meet any capital adequacy or buffer requirements applicable to the Issuer and/or the Issuer's group at the relevant point in time, such as the maximum distributable amount related to the M-MDA if applicable to the Issuer at the relevant point in time.</p> |

"Anwendbare Aufsichtsrechtliche Vorschriften" bezeichnet die jeweils gültigen, sich auf die Kapitalanforderungen, die Solvabilität, andere Aufsichtsanforderungen und/oder die Abwicklung der Emittentin und/oder der Gruppe der Emittentin beziehenden Vorschriften des Bankaufsichtsrechts und der darunter fallenden Verordnungen (einschließlich, aber nicht ausschließlich, der jeweils geltenden Leitlinien und Empfehlungen der Europäischen Bankaufsichtsbehörde (*European Banking Authority – EBA*) und/oder der Europäischen Zentralbank (EZB), der Verwaltungspraxis einer Zuständigen Aufsichtsbehörde, den einschlägigen Entscheidungen der Gerichte und den anwendbaren Übergangsbestimmungen).

"Maximum Distributable Amount (MDA)" bezeichnet den ausschüttungsfähigen Höchstbetrag gemäß Artikel 141 Absatz 2 (und, sofern anwendbar, Artikel 141b Absatz 2) CRD (einschließlich der durch die Richtlinie (EU) 2019/878 des Europäischen Parlaments und des Rates vom 20. Mai 2019 vorgenommenen Änderungen), soweit in das deutsche Recht umgesetzt (zum Zeitpunkt der Begebung der Kapitalschuldverschreibungen insbesondere in § 10i KWG in Verbindung mit § 37 SolvV).

"Applicable Supervisory Regulations" means the provisions of bank supervisory laws and any regulations and other rules thereunder applicable from time to time (including, but not limited to, the guidelines and recommendations of the European Banking Authority (EBA) and/or the European Central Bank (ECB), the administrative practice of any Competent Supervisory Authority, any applicable decision of a court and any applicable transitional provisions) relating to capital adequacy, solvency, other prudential requirements and/or resolution and applicable to the Issuer and/or the Issuer's group from time to time.

"Maximum Distributable Amount (MDA)" refers to the maximum distributable amount pursuant to Article 141 (2), and, if applicable, Article 141b (2), CRD (including the amendments made by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019), as far as transposed into German law (at the time of the issuance of the Capital Notes in particular in Section 10i Banking Act in conjunction with Section 37 Solvency Regulation).

"M-MDA" oder "Maximum Distributable Amount related to the minimum requirement for own funds and eligible liabilities" bezeichnet den ausschüttungsfähigen Höchstbetrag bezogen auf die Mindestanforderung an Eigenmittel und berücksichtigungsfähige Verbindlichkeiten (M-MDA) gemäß Artikel 16a (1) BRRD (der durch die Richtlinie (EU) 2019/879 des Europäischen Parlaments und des Rates vom 20. Mai 2019 eingeführt wurde), soweit in das deutsche Recht umgesetzt.

(3) Die Emittentin teilt den Gläubigern und den Zahlstellen unverzüglich, spätestens jedoch am betreffenden Zinszahlungstag gemäß § 14 mit, wenn und in welcher Höhe eine Zinszahlung auf die Kapitalschuldverschreibungen für die betreffende Zinsperiode ausgeschlossen ist und entfällt. Die Erklärung der Emittentin gegenüber den Gläubigern über einen vollständigen oder teilweisen Zinsausfall kann auch konkludent durch Nichtzahlung der Zinsen oder nur teilweise Zahlung der Zinsen am betreffenden Zinszahlungstag erfolgen. Das Unterbleiben einer Mitteilung gemäß § 14 gegenüber den Gläubigern berührt somit nicht die Wirksamkeit des Ausfalls der Zinszahlung und stellt keine Pflichtverletzung der Emittentin unter diesen Anleihebedingungen dar und berechtigt die Gläubiger nicht zur Kündigung der Kapitalschuldverschreibungen. Eine bis zum betreffenden Zinszahlungstag nicht erfolgte Mitteilung ist unverzüglich nachzuholen.

(4) Aufgelaufene aber nicht gezahlte Zinsen auf die Kapitalschuldverschreibungen bis (einschließlich) einem Auslöseereignis (unabhängig davon, ob solche Zinsen fällig geworden sind) entfallen ohne weitere Mitteilung oder Erklärung der Emittentin. Aufgelaufene aber nicht gezahlte Zinsen ab dem Auslöseereignis bis zum Herabschreibungs-Stichtag (einschließlich) entfallen ebenfalls automatisch, selbst wenn keine entsprechende Mitteilung oder Erklärung der Emittentin abgegeben wurde.

(5) Entfallene Zinszahlungen werden nicht nachgezahlt (nicht-kumulativ). Die Emittentin ist berechtigt, die Mittel aus entfallenen Zinszahlungen uneingeschränkt zur Erfüllung ihrer eigenen Verpflichtungen bei deren Fälligkeit zu nutzen. Soweit Zinszahlungen entfallen, schließt dies sämtliche gemäß § 10 zahlbaren Zusätzlichen Beträge ein.

(6) Der Ausfall von Zinszahlungen nach diesem § 5 stellt keine Pflichtverletzung der Emittentin unter diesen Anleihebedingungen dar und berechtigt die Gläubiger nicht zur Kündigung der Kapitalschuldverschreibungen.

"M-MDA" or "Maximum Distributable Amount related to the minimum requirement for own funds and eligible liabilities" refers to the maximum distributable amount related to the minimum requirement for own funds and eligible liabilities (M-MDA) pursuant to Article 16a (1) BRRD (introduced by Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019), as far as transposed into German law.

(3) The Issuer shall give notice to the Holders and the Paying Agents in accordance with § 14 without undue delay but no later than on the relevant Interest Payment Date if, and to what extent, any payment of interest on the Capital Notes for the relevant Interest Period is excluded and cancelled. The declaration by the Issuer towards the Holders regarding the cancellation of all or part of any interest payment can also be implied in the non-payment or partial payment of interest on the relevant Interest Payment Date. Any failure to give notice pursuant to § 14 to the Holders shall therefore not affect the validity of the cancellation and shall not constitute a default of the Issuer under these Terms and Conditions and shall not entitle the Holders to call the Capital Notes for redemption. A notice which has not been given until the relevant Interest Payment Date shall be given without undue delay thereafter.

(4) Any accrued but unpaid interest on the Capital Notes up to (and including) a Trigger Event (whether or not such interest has become due for payment) shall be cancelled without further notice or explanation from the Issuer. Any accrued but unpaid interest from the Trigger Event up to (and including) the Write-Down Effective Date shall also be automatically cancelled even if no notice or explanation from the Issuer has been given to that effect.

(5) Any payments of interest which have been cancelled will not be made or compensated at any later date (non-cumulative). The Issuer has the right to use the funds from cancelled payments of interest without restrictions for the fulfilment of its own obligations when due. To the extent that payments of interest are cancelled, such cancellation includes all Additional Amounts payable pursuant to § 10.

(6) The cancellation of interest pursuant to this § 5 shall not constitute a default of the Issuer under these Terms and Conditions and shall not entitle the Holders to terminate the Capital Notes.

§ 6 Zahlungen

- (1) *Allgemeines.*
- (a) *Zahlungen auf Kapital.* Zahlungen auf Kapital in Bezug auf die Kapitalschuldverschreibungen erfolgen nach Maßgabe von § 6(2) an die Schweizer Hauptzahlstelle zur Weiterleitung an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems außerhalb der Vereinigten Staaten von Amerika zur Weiterleitung an die Gläubiger.
- (b) *Zahlungen von Zinsen.* Die Zahlung von Zinsen auf Kapitalschuldverschreibungen erfolgt nach Maßgabe von § 6(2) an die Schweizer Hauptzahlstelle zur Weiterleitung an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems außerhalb der Vereinigten Staaten von Amerika zur Weiterleitung an die Gläubiger.
- (2) *Zahlungsweise.* Vorbehaltlich anwendbarer steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Kapitalschuldverschreibungen in der Festgelegten Währung.
- (3) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.
- (4) *Zahltag.* Fällt der Fälligkeitstag für eine Zahlung von Kapital in Bezug auf eine Kapitalschuldverschreibung auf einen Tag, der kein Geschäftstag ist, dann haben die Gläubiger keinen Anspruch auf Zahlung vor dem nächsten Geschäftstag und sind nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen.
- (5) *Bezugnahmen auf Kapital und Zinsen.* Bezugnahmen in diesen Anleihebedingungen auf Kapital der Kapitalschuldverschreibungen schließen, soweit anwendbar, die folgenden Beträge ein: den Aktuellen Nennbetrag, den Rückzahlungsbetrag der Kapitalschuldverschreibungen sowie sonstige auf oder in Bezug auf die Kapitalschuldverschreibungen zahlbaren Beträge. Bezugnahmen in diesen Anleihebedingungen auf Zinsen auf Kapitalschuldverschreibungen sollen, soweit anwendbar, sämtliche gemäß § 10 zahlbaren Zusätzlichen Beträge einschließen.
- (6) *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht München Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch

§ 6 Payments

- (1) *General.*
- (a) *Payment of Principal.* Payment of principal in respect of Capital Notes shall be made, subject to § 6(2), to the Swiss Principal Paying Agent for on-payment to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System outside the United States of America for subsequent transfer to the Holders.
- (b) *Payment of Interest.* Payment of interest in respect of the Capital Notes shall be made, subject to § 6(2), to the Swiss Principal Paying Agent for on-payment to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System outside the United States of America for subsequent transfer to the Holders.
- (2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Capital Notes shall be made in the Specified Currency.
- (3) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.
- (4) *Payment Date.* If the date for payment of principal in respect of any Capital Note is not a Business Day then the Holders shall not be entitled to payment until the next Business Day and shall not be entitled to further interest or other payment in respect of such delay.
- (5) *References to Principal and Interest.* References in these Terms and Conditions to principal in respect of the Capital Notes shall be deemed to include, as applicable, the following amounts: the Current Principal Amount, the Redemption Amount of the Capital Notes and any other amounts which may be payable under or in respect of the Capital Notes. References in these Terms and Conditions to interest in respect of the Capital Notes shall be deemed to include, as applicable, any Additional Amounts payable pursuant to § 10.
- (6) *Deposit of Principal and Interest.* The Issuer may deposit with the Local Court (*Amtsgericht*) of Munich principal or interest not claimed by Holders within twelve months after the due date, even though such Holders may not be in

wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt und auf das Recht der Rücknahme verzichtet wird, erlöschen die jeweiligen Ansprüche der Gläubiger gegen die Emittentin.

§ 7 Rückzahlung

(1) *Keine Endfälligkeit.* Die Kapitalschuldverschreibungen haben keinen Endfälligkeitstag.

(2) *Rückzahlung aus regulatorischen Gründen.* Die Kapitalschuldverschreibungen können jederzeit insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin und vorbehaltlich der Erfüllung der Rückzahlungs- und Rückkaufbedingungen gemäß § 7(5) ohne Einhaltung einer Kündigungsfrist vorzeitig gekündigt und zu ihrem Rückzahlungsbetrag zuzüglich bis zu dem in der Kündigungserklärung für die Rückzahlung festgesetzten Tag (ausschließlich) (vorbehaltlich § 5(1) und § 5(2)) aufgelaufener Zinsen zurückgezahlt werden, falls sich die aufsichtsrechtliche Einstufung der Kapitalschuldverschreibungen ändert, was wahrscheinlich zu (i) ihrem vollständigen oder teilweisen Ausschluss von den Eigenmitteln der Emittentin im Sinne der CRR oder (ii) ihrer Neueinstufung als Eigenmittel geringerer Qualität als am Begebungstag führen würde, vorausgesetzt, dass bei einer Rückzahlung vor dem fünften Jahrestag des Tags der Begebung der Kapitalschuldverschreibungen die Bedingungen in Artikel 78 Absatz 4 Buchstabe (a) CRR erfüllt sind, nach denen die Zuständige Aufsichtsbehörde eine solche Rückzahlung nur gestatten kann, wenn (i) sie es für ausreichend sicher hält, dass eine Änderung der aufsichtsrechtlichen Einstufung stattfindet und (ii) die Emittentin ihr hinreichend nachgewiesen hat, dass die aufsichtsrechtliche Neueinstufung am Begebungstag nicht vernünftigerweise vorherzusehen war. Die Ausübung des Kündigungsrechts nach diesem § 7(2) setzt die Ankündigung der Kündigungserklärung durch die Emittentin voraus. Diese Ankündigung soll nicht weniger als 30 Kalendertage vor dem voraussichtlichen Tag der Rückzahlung erfolgen.

Zur Klarstellung: Der vollständige oder teilweise Ausschluss von den Eigenmitteln, der ausschließlich auf einer Herabschreibung nach § 8(1) beruht, begründet kein Kündigungsrecht der Emittentin nach diesem § 7(2).

(3) *Rückzahlung aus steuerlichen Gründen.* Die Kapitalschuldverschreibungen können jederzeit insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin und vorbehaltlich der Erfüllung der Rückzahlungs- und Rückkaufbedingungen gemäß

default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

§ 7 Redemption

(1) *No Scheduled Maturity.* The Capital Notes have no scheduled maturity date.

(2) *Redemption for Regulatory Reasons.* If there is a change in the regulatory classification of the Capital Notes that would be likely to result in (i) their exclusion in full or in part from the Issuer's own funds under the CRR or (ii) a reclassification as a lower quality form of the Issuer's own funds than their classification as of the issue date, provided that in respect of a redemption prior to the fifth anniversary of the issue date of the Capital Notes the conditions in Article 78 (4) (a) CRR are met, pursuant to which the Competent Supervisory Authority may approve such redemption only if (i) it considers the change in the regulatory classification to be sufficiently certain and (ii) the Issuer demonstrated to its satisfaction that the regulatory reclassification of the Capital Notes was not reasonably foreseeable at the issue date, the Capital Notes may be redeemed early, in whole but not in part, at any time without prior notice at the option of the Issuer, on the date fixed for redemption in the notice for redemption, subject to the Conditions to Redemption and Repurchase pursuant to § 7(5) being met, at their Redemption Amount together with interest (if any) accrued (subject to § 5(1) and § 5(2)) to (but excluding) the date fixed for redemption. The exercise of the right to redeem pursuant to this § 7(2) is subject to the prior announcement of the notice of redemption by the Issuer. Such prior announcement shall be made not less than 30 calendar days prior to the day scheduled for redemption.

For the avoidance of doubt: The exclusion in full or in part from the own funds resulting exclusively from a write-down pursuant to § 8(1) does not constitute a right of the Issuer to redeem under this § 7(2).

(3) *Redemption for Reasons of Taxation.* If, (i) as a result of any change in applicable legislation or relevant court rulings, including any change in, or amendment to, fiscal laws, regulations or practices (including but not limited to the tax

§ 7(5) ohne Einhaltung einer Kündigungsfrist vorzeitig gekündigt und zu ihrem Rückzahlungsbetrag zuzüglich bis zu dem in der Kündigungserklärung für die Rückzahlung festgesetzten Tag (ausschließlich) (vorbehaltlich § 5(1) und § 5(2)) aufgelaufener Zinsen zurückgezahlt werden, falls (i) sich die steuerliche Behandlung der Kapitalschuldverschreibungen infolge einer nach dem Verzinsungsbeginn eingetretenen Rechts- oder Rechtsprechungsänderung, einschließlich einer Änderung von steuerrechtlichen Gesetzen, Regelungen oder Verfahrensweisen, ändert (insbesondere, jedoch nicht ausschließlich, im Hinblick auf die steuerliche Abzugsfähigkeit der unter den Kapitalschuldverschreibungen zu zahlenden Zinsen oder die Verpflichtung zur Zahlung von Zusätzlichen Beträgen) und (ii) bei einer Rückzahlung vor dem fünften Jahrestag des Tags der Begebung der Kapitalschuldverschreibungen, die Bedingungen in Artikel 78 Absatz 4 Buchstabe (b) CRR erfüllt sind, nach denen die Zuständige Aufsichtsbehörde eine solche Rückzahlung nur gestatten kann, wenn sich die geltende steuerliche Behandlung der Kapitalschuldverschreibungen ändert und die Emittentin ihr hinreichend nachgewiesen hat, dass die Änderung der steuerlichen Behandlung wesentlich ist und am Begebungstag nicht vernünftigerweise vorherzusehen war. Eine Änderung der steuerlichen Behandlung der Kapitalschuldverschreibungen, die zu einem Einbehalt oder Abzug von Steuern auf die Kapitalschuldverschreibungen zu zahlenden Beträge führt, die jedoch keine Verpflichtung der Emittentin zur Zahlung von Zusätzlichen Beträgen begründet, stellt keinen Kündigungsgrund gemäß diesem § 7(3) dar. Die Ausübung des Kündigungsrechts nach diesem § 7(3) setzt die Ankündigung der Kündigungserklärung durch die Emittentin voraus. Diese Ankündigung soll nicht weniger als 30 Kalendertage vor dem voraussichtlichen Tag der Rückzahlung erfolgen.

(4) *Rückzahlung nach Wahl der Emittentin.* Die Emittentin kann die Kapitalschuldverschreibungen insgesamt, jedoch nicht teilweise, vorbehaltlich der Erfüllung der Rückzahlungs- und Rückkaufbedingungen gemäß § 7(5) ohne Einhaltung einer Kündigungsfrist zu jedem Vorzeitigen Rückzahlungstag kündigen und zu ihrem Rückzahlungsbetrag (unter Berücksichtigung einer etwaigen Herabschreibung nach § 8) zuzüglich bis zum Vorzeitigen Rückzahlungstag (ausschließlich) (vorbehaltlich § 5(1) bzw. § 5(2)) aufgelaufener Zinsen zurückzahlen. Die Ausübung des Kündigungsrechts nach diesem § 7(4) setzt die Ankündigung der Kündigungserklärung durch die Emittentin voraus. Diese Ankündigung soll nicht weniger als 5 und nicht mehr als 30 Kalendertage vor dem voraussichtlichen Tag der Rückzahlung erfolgen.

"Vorzeitiger Rückzahlungstag" bezeichnet

deductibility of interest payable on the Capital Notes or the obligation to pay Additional Amounts), which change is effective after the Interest Commencement Date, the tax treatment of the Capital Notes changes and (ii), in respect of a redemption prior to the fifth anniversary of the issue date of the Capital Notes, the conditions in Article 78(4) (b) CRR are met, pursuant to which the Competent Supervisory Authority may approve such redemption only if there is a change in the applicable tax treatment of the Capital Notes which the Issuer demonstrated to its satisfaction is material and was not reasonably foreseeable at the issue date, the Capital Notes may be redeemed early at any time without prior notice at the option of the Issuer, in whole but not in part, on the date fixed for redemption in the notice for redemption, subject to the Conditions to Redemption and Repurchase pursuant to § 7(5) being met, at their Redemption Amount together with interest (if any) accrued (subject to § 5(1) and § 5(2)) to (but excluding) the date fixed for redemption. Any changes in the tax treatment of the Capital Notes resulting in a withholding or deduction of taxes on amounts payable in respect of the Capital Notes which, however, do not create an obligation of the Issuer to pay Additional Amounts, does not constitute a reason to call the Capital Notes for redemption pursuant to this § 7(3). The exercise of the right to redeem pursuant to this § 7(3) is subject to the prior announcement of the notice of redemption by the Issuer. Such prior announcement shall be made not less than 30 calendar days prior to the day scheduled for redemption.

(4) *Redemption at the Option of the Issuer.* The Issuer may redeem the Capital Notes, in whole but not in part, at any time without prior notice, subject to the Conditions to Redemption and Repurchase pursuant to § 7(5) being met, with effect as of any Early Redemption Date at their Redemption Amount (taking into account any write-down pursuant to § 8, if applicable) together with interest (if any) accrued (subject to § 5(1) and § 5(2)) to (but excluding) the Early Redemption Date. The exercise of the right to redeem pursuant to this § 7(4) is subject to the prior announcement of the notice of redemption by the Issuer. Such prior announcement shall be made not less than 5 nor more than 30 calendar days prior to the day scheduled for redemption.

"Early Redemption Date" means

(i) jeden Geschäftstag während des Zeitraums ab dem 2. Juni 2027 (einschließlich) bis zum Ersten Zinsanpassungstag (einschließlich); und

(ii) jeden auf den Ersten Zinsanpassungstag folgenden Zinszahlungstag.

(5) *Einholung der Zustimmung der Zuständigen Aufsichtsbehörde, Kündigungserklärung, Rückzahlung/Rückkauf und Rückzahlungs- und Rückkaufbedingungen.*

(a) Im Falle einer Rückzahlung der Kapitalschuldverschreibungen gemäß diesem § 7 oder eines Rückkaufs der Kapitalschuldverschreibungen gemäß § 13(2) ist die Emittentin verpflichtet, die vorherige Zustimmung der Zuständigen Aufsichtsbehörde gemäß Art. 77 und 78 CRR (in der Fassung wie jeweils geändert oder ersetzt) einzuholen.

Zur Klarstellung: Falls die Zuständige Aufsichtsbehörde die Erlaubnis gemäß Artikel 77 und 78 CRR (in der Fassung wie jeweils geändert oder ersetzt) nicht erteilt, begründet dies keine Pflichtverletzung der Emittentin unter diesen Anleihebedingungen und berechtigt dies die Gläubiger nicht zur Kündigung der Kapitalschuldverschreibungen.

(b) Die Emittentin darf die Kapitalschuldverschreibungen nur gemäß diesem § 7 zurückzahlen oder gemäß § 13(2) zurückkaufen, wenn (i) die Emittentin am Rückzahlungstag bzw. am Tag der Zahlung des Kaufpreises weder überschuldet im Sinne von § 19 InsO noch zahlungsunfähig im Sinne von § 17 InsO ist noch eine Zahlungsunfähigkeit der Emittentin im Sinne von § 18 InsO droht und (ii) die Zahlung des Rückzahlungsbetrages bzw. des Kaufpreises der Kapitalschuldverschreibungen nicht zu einer Überschuldung der Emittentin im Sinne von § 19 InsO, einer Zahlungsunfähigkeit der Emittentin im Sinne von § 17 InsO oder einer drohenden Zahlungsunfähigkeit der Emittentin im Sinne von § 18 InsO führen wird.

(6) *Ankündigung einer Kündigungserklärung und Kündigungserklärung.* Eine Ankündigung einer Kündigungserklärung nach § 7(2), (3) und (4) und eine Kündigung nach § 7(2), (3) und (4) hat gemäß § 14 zu erfolgen. Die Ankündigung der Kündigungserklärung und die Kündigung müssen den Termin für die Rückzahlung und im Falle einer Kündigung nach § 7(2) oder (3) den Grund für die Kündigung nennen. Die Kündigung kann auch an dem in der Ankündigung der Kündigungserklärung für die Rückzahlung genannten Termin erfolgen.

(i) any Business Day falling in the period from (and including) 2 June 2027 to (and including) the First Reset Date; and

(ii) each Interest Payment Date following the First Reset Date.

(5) *Obtaining of Permission of Competent Supervisory Authority, Redemption Notice, Redemption/Repurchase and Conditions to Redemption and Repurchase.*

(a) In the event of a redemption of the Capital Notes pursuant to this § 7 or any repurchase of the Capital Notes pursuant to § 13(2), the Issuer is required to obtain the prior permission of the Competent Supervisory Authority in accordance with Articles 77 and 78 CRR (as amended or replaced from time to time).

For the avoidance of doubt: Any refusal of the Competent Supervisory Authority to grant permission in accordance with Articles 77 and 78 CRR (as amended or replaced from time to time) shall not constitute a default of the Issuer under these Terms and Conditions and shall not entitle the Holders to call the Capital Notes for redemption.

(b) The Issuer may only redeem or repurchase the Capital Notes if (i) it is neither over-indebted (*überschuldet*) within the meaning of § 19 InsO nor illiquid (*zahlungsunfähig*) within the meaning of § 17 InsO nor there is an imminent illiquidity (*drohende Zahlungsunfähigkeit*) of the Issuer within the meaning of § 18 InsO on the date of redemption and (ii) the payment of the Redemption Amount or the purchase price for the Capital Notes will not result in an over-indebtedness (*Überschuldung*) of the Issuer within the meaning of § 19 InsO, in an illiquidity (*Zahlungsunfähigkeit*) of the Issuer within the meaning of § 17 InsO or in an imminent illiquidity (*drohende Zahlungsunfähigkeit*) of the Issuer within the meaning of § 18 InsO.

(6) *Prior Announcement of the Notice to Redeem and Notice of Redemption.* The prior announcement of a notice to redeem pursuant to § 7(2), (3) and (4) and the notice of redemption pursuant to § 7(2), (3) and (4) shall be given in accordance with § 14. The prior announcement of the notice to redeem and the notice of redemption shall state the date designated for redemption and, in the case of a notice pursuant to § 7(2) or (3) the reason for the redemption. The notice of redemption may also be given on the date that has been designated for redemption in the

announcement of the notice to redeem.

(7) *Eintritt eines Auslöseereignisses.* Die Emittentin ist nach Eintritt eines Auslöseereignisses nicht zur Ausübung ihrer Kündigungsrechte nach § 7(2), (3) und (4) berechtigt bis eine Herabschreibung nach § 8(1) vorgenommen wurde. Mit der Ankündigung einer Kündigungserklärung ist keine Verpflichtung zur Kündigung verbunden. Insbesondere erfolgt keine Kündigung und werden die Kapitalschuldverschreibungen nicht an dem für die Rückzahlung genannten Termin zurückgezahlt, wenn nach der Kündigungsankündigung ein Auslöseereignis eintritt. Die Mitteilung des Auslöseereignisses erfolgt gemäß § 8(1)(a) und § 14.

Wenn ein Auslöseereignis nach der Erklärung einer Kündigung, jedoch vor dem betreffenden Rückzahlungstag eintritt, wird die Kündigungserklärung automatisch als zurückgenommen sowie nichtig behandelt und die betreffende Rückzahlung darf nicht erfolgen; in einem solchen Fall gelten die Rechte und Pflichten aus den Kapitalschuldverschreibungen unverändert fort.

(8) *Kündigung nach erfolgter Hochschreibung; Rückzahlungsbetrag.* Die Emittentin kann ihr Kündigungsrecht nach § 7(4) nur ausüben, wenn etwaige Herabschreibungen nach § 8 wieder vollständig aufgeholt worden sind nach Maßgabe des § 8(3) (Hochschreibung bis zur vollständigen Höhe des Ursprünglichen Nennbetrags), es sei denn, die Gläubiger stimmen einer Kündigung in diesem Fall nach Maßgabe von § 12 zu. Im Übrigen steht die Ausübung der Kündigungsrechte nach § 7(2), (3) und (4) im alleinigen Ermessen der Emittentin und bedarf insbesondere keiner Zustimmung der Gläubiger.

Der "**Rückzahlungsbetrag**" einer Kapitalschuldverschreibung entspricht im Fall einer Kündigung nach § 7(2) und (3) ihrem Aktuellen Nennbetrag und im Fall einer Kündigung nach § 7(4), vorbehaltlich des nachstehenden Satzes, ihrem Ursprünglichen Nennbetrag, soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet. Im Falle, dass die Emittentin nach § 7(4) mit Zustimmung der Gläubiger trotz erfolgter Herabschreibung nach § 8 und noch nicht wieder erfolgter Hochschreibung kündigt, entspricht der "**Rückzahlungsbetrag**" einer Kapitalschuldverschreibung ihrem um Herabschreibungen verminderten (soweit nicht durch Hochschreibung(en) kompensiert) Aktuellen Nennbetrag, soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet.

(9) *Kein Kündigungsrecht der Gläubiger.* Die Gläubiger sind zur Kündigung der Kapitalschuldverschreibungen nicht berechtigt.

(7) *Occurrence of a Trigger Event.* Upon the occurrence of a Trigger Event, the Issuer is not entitled to exercise its redemption rights pursuant to § 7(2), (3) and (4) until a write-down pursuant to § 8(1) has been effected. The announcement of the notice to redeem does not entail an obligation to give notice to redeem. In particular, no notice of redemption will be given and the Capital Notes will not be redeemed on the date designated for redemption if a Trigger Event occurs after the announcement of the notice to redeem. Notice of the Trigger Event shall be given pursuant to § 8(1)(a) and § 14.

If a Trigger Event occurs after a notice of redemption was given but prior to the relevant date of redemption, the relevant notice of redemption shall automatically be deemed revoked and null and void, the corresponding redemption shall not be made, and the rights and obligations in respect of the Capital Notes shall remain unchanged.

(8) *Redemption after Write-Up; Redemption Amount.* The Issuer may exercise its redemption right pursuant to § 7(4) only if any write-downs pursuant to § 8 have been fully written up in accordance with § 8(3) (write-up until the full amount of the Initial Principal Amount has been reached), unless the Holders agree to a redemption in such case in accordance with the terms of § 12. Notwithstanding the above, the exercise of the redemption rights pursuant to § 7(2), (3) and (4) shall be at the sole discretion of the Issuer and, in particular, does not require the consent of the Holders.

The "**Redemption Amount**" of each Capital Note, unless previously redeemed in whole or in part or repurchased and cancelled, shall, in case of a redemption pursuant to § 7(2) and (3), be the Current Principal Amount and, in case of a redemption pursuant to § 7(4) and subject to the following sentence, shall be the Original Principal Amount. In the event that the Issuer redeems the Capital Notes pursuant to § 7(4) with the consent of the Holders despite of the fact that a write-down had occurred pursuant to § 8 which has not been written up, the "**Redemption Amount**" of each Capital Note, unless previously redeemed in whole or in part or repurchased and cancelled, shall be the then Current Principal Amount of such Capital Note as reduced by any write-down(s) (to the extent not made up for by write-up(s)).

(9) *No Call Right of the Holders.* The Holders shall have no right to call the Capital Notes for redemption.

§ 8
Herabschreibungen, Hochschreibungen

(1) *Herabschreibung.* Im Falle des Eintritts eines Auslöseereignisses ist der Aktuelle Nennbetrag jeder Kapitalschuldverschreibung um den Betrag der betreffenden Herabschreibung gemäß diesem § 8(1) zu reduzieren.

Ein "**Auslöseereignis**" tritt ein

(a) solange die MünchenerHyp gesetzlich oder aufgrund behördlicher Anordnung verpflichtet ist, die Mindesteigenmittelanforderungen der CRR/CRD ausschließlich bezogen auf die MünchenerHyp (Einzelbankebene) einzuhalten:

wenn zu irgendeinem Zeitpunkt die in Artikel 92 Absatz 2 Buchstabe a CRR genannte harte Kernkapitalquote bezogen auf die MünchenerHyp (die "**Harte Kernkapitalquote der MünchenerHyp**") unter 7 % (die "**Mindest-CET1-Auslösequote der MünchenerHyp**") fällt.

(b) für den Fall, dass die MünchenerHyp zu irgendeinem Zeitpunkt nach der Begebung der Kapitalschuldverschreibungen eine Institutsgruppe gemäß § 10a Abs. 1 KWG (die "**Gruppe**") bilden wird und ab diesem Zeitpunkt:

wenn zu irgendeinem Zeitpunkt

(i) die Harte Kernkapitalquote der MünchenerHyp unter Mindest-CET1-Auslösequote der MünchenerHyp fällt oder

(ii) die in Artikel 92 Absatz 2 Buchstabe a CRR genannte harte Kernkapitalquote bezogen auf die Gruppe (die "**Harte Kernkapitalquote der Gruppe**") unter 7 % (die "**Mindest-CET1-Auslösequote der Gruppe**") fällt,

wobei ein Auslöseereignis wegen Unterschreitens der Mindest-CET1-Auslösequote der MünchenerHyp nur eintreten kann, solange die MünchenerHyp gesetzlich oder aufgrund behördlicher Anordnung verpflichtet ist, die Mindesteigenmittelanforderungen der CRR/CRD bezogen auf die MünchenerHyp (Einzelbankebene) einzuhalten, während ein Auslöseereignis wegen Unterschreitens der Mindest-CET1-Auslösequote der Gruppe zu jeder Zeit eintreten kann. Das Auslöseereignis kann jederzeit und mehrfach eintreten und die

§ 8
Write-Downs, Write-Ups

(1) *Write-Down.* In case of the occurrence of a Trigger Event, the Current Principal Amount of each Capital Note shall be reduced by the amount of the relevant write-down in accordance with this § 8(1).

A "**Trigger Event**" occurs

(a) as long as MünchenerHyp will be obliged by law or administrative order to comply with the minimum own funds requirements of CRR/CRD exclusively at the level of MünchenerHyp (solo basis):

if at any time the Common Equity Tier 1 capital ratio pursuant to Article 92 (2) (a) CRR of MünchenerHyp (the "**MünchenerHyp Common Equity Tier 1 Capital Ratio**") falls below 7% (the "**MünchenerHyp Minimum CET1 Trigger Ratio**").

(b) In case MünchenerHyp, at any time following the issuance of the Capital Notes, establishes a group of institutions pursuant to Section 10a (1) Banking Act (the "**Group**") and with effect from that date:

if at any time

(i) the MünchenerHyp Common Equity Tier 1 Capital Ratio falls below the MünchenerHyp Minimum CET1 Trigger Ratio or

(ii) the Common Equity Tier 1 capital ratio pursuant to Article 92 (2) (a) CRR of the Group (the "**Group Common Equity Tier 1 Capital Ratio**") falls below 7% (the "**Group Minimum CET1 Trigger Ratio**")

provided, however, that a Trigger Event based on the MünchenerHyp Minimum CET1 Trigger Ratio may only occur as long as MünchenerHyp is obliged by law or administrative order to comply with the minimum own funds requirements of CRR/CRD at the level of MünchenerHyp (solo basis), whereas a Trigger Event based on the Group Minimum CET1 Trigger Ratio may occur at any time. The Trigger Event may occur at any time and on more than one occasion, and the respective Relevant Common Equity Tier 1 Capital Ratio is not

hierfür Maßgebliche Harte Kernkapitalquote wird nicht nur in Bezug auf bestimmte Stichtage ermittelt.

only determined in relation to certain reporting dates.

"Maßgebliche Harte Kernkapitalquote" bezeichnet die Harte Kernkapitalquote der MünchenerHyp und/oder die Harte Kernkapitalquote der Gruppe, je nachdem welche jeweils gemäß der Definition von Auslöseereignis für den Eintritt eines Auslöseereignisses maßgeblich ist.

"Relevant Common Equity Tier 1 Capital Ratio" means the MünchenerHyp Common Equity Tier 1 Capital Ratio and/or the Group Common Equity Tier 1 Capital Ratio whichever is or are relevant for the occurrence of a Trigger Event pursuant to the definition of Trigger Event.

"Maßgebliche Mindest-CET1-Auslösequote" bezeichnet die Mindest-CET1-Auslösequote der MünchenerHyp und/oder die Mindest-CET1-Auslösequote der Gruppe, je nachdem welche jeweils gemäß der Definition von Auslöseereignis für den Eintritt eines Auslöseereignisses maßgeblich ist oder sind.

"Relevant Minimum CET1 Trigger Ratio" means the MünchenerHyp Minimum CET1 Trigger Ratio and/or the Group Minimum CET1 Trigger Ratio, whichever is or are relevant for the occurrence of a Trigger Event pursuant to the definition of Trigger Event.

Ob zu irgendeinem Zeitpunkt ein Auslöseereignis eingetreten ist, wird von der Emittentin, der Zuständigen Aufsichtsbehörde oder einer anderen von der Zuständigen Aufsichtsbehörde für diesen Zweck ernannten Stelle bestimmt, und diese Bestimmung ist für die Gläubiger bindend.

Whether a Trigger Event has occurred at any time shall be determined by the Issuer, the Competent Supervisory Authority or any agent appointed for such purpose by the Competent Supervisory Authority and such determination shall be binding on the Holders.

Zur Klarstellung: Der Eintritt eines Auslöseereignisses und die dadurch ausgelöste Herabschreibung stellen keine Pflichtverletzung der Emittentin unter diesen Anleihebedingungen dar und berechtigen die Gläubiger nicht zur Kündigung der Kapitalschuldverschreibungen.

For the avoidance of doubt: The occurrence of a Trigger Event and the resulting write-down shall not constitute a default of the Issuer under these Terms and Conditions and shall not entitle the Holders to call the Capital Notes for redemption.

Im Falle des Eintritts eines Auslöseereignisses ist eine Herabschreibung *pro rata* mit sämtlichen anderen Instrumenten des zusätzlichen Kernkapitals, die bei Eintritt des Auslöseereignisses eine Herabschreibung (gleichviel ob permanent oder temporär) oder eine Umwandlung in Instrumente des harten Kernkapitals vorsehen, vorzunehmen. Die Vornahme von Herabschreibungen in Bezug auf die Kapitalschuldverschreibungen hängen nicht von der Wirksamkeit einer Herabschreibung oder Wandlung anderer Instrumente ab.

Upon the occurrence of a Trigger Event, a write-down shall be effected *pro rata* with all other Additional Tier 1 Instruments, the terms of which provide for a write-down (whether permanent or temporary) or a conversion into Common Equity Tier 1 Instruments upon the occurrence of the Trigger Event. The performance of any write-downs in respect of the Capital Notes is not dependent on the effectiveness of a write-down or conversion of other instruments.

Wenn im Falle eines Auslöseereignisses auch andere Instrumente des zusätzlichen Kernkapitals herabzuschreiben oder in Instrumente des harten Kernkapitals umzuwandeln sind, die nach ihren jeweiligen Bedingungen als Auslöseereignis vorsehen, dass die Maßgebliche Harte Kernkapitalquote eine Quote unterschreitet, die von der Maßgeblichen Mindest-CET1-Auslösequote abweicht, richtet sich das Verhältnis bzw. die Reihenfolge, in welcher für die jeweils herabzuschreibenden oder in Instrumente des harten Kernkapitals umzuwandelnden Instrumente eine Herabschreibung oder Umwandlung vorzunehmen ist, nach den Anwendbaren Aufsichtsrechtlichen Vorschriften.

If, upon the occurrence of a Trigger Event, also other Additional Tier 1 Instruments, the terms of which provide for a trigger event based on the Relevant Common Equity Tier 1 Capital Ratio falling below a ratio which is different from the Relevant Minimum CET1 Trigger Ratio, need to be written down or converted into Common Equity Tier 1 Instruments, any such write-down or conversion will occur in such proportion or order of application as required in accordance with the Applicable Supervisory Regulations.

Wird dieses Verhältnis bzw. diese Reihenfolge nicht durch die Anwendbaren Aufsichtsrechtlichen Vorschriften vorgegeben, so gilt, sofern bereits übernommene vertragliche Verpflichtungen der Emittentin nicht entgegenstehen, Folgendes: Die Kapitalschuldverschreibungen werden *pro rata* mit sämtlichen anderen Instrumenten des zusätzlichen Kernkapitals herabgeschrieben, für die nach ihren jeweiligen Bedingungen ein Auslöseereignis eingetreten ist. Der auf Grundlage des Nennbetrags der jeweiligen Instrumente zum Zeitpunkt der Herabschreibung *pro rata* zu verteilende Gesamtbetrag der Herabschreibungen (bzw. Wandlungen in Instrumente des harten Kernkapitals) entspricht dabei dem jeweiligen Herabschreibungsbetrag.

Dabei werden sämtliche Instrumente nur so lange an einer Herabschreibung (bzw. Wandlung in Instrumente des harten Kernkapitals) beteiligt, wie dies zur Wiederherstellung der in deren jeweiligen Bedingungen als Auslöseereignis vorgesehenen Maßgeblichen Harten Kernkapitalquote erforderlich ist.

"Herabschreibungsbetrag" bezeichnet in Bezug auf ein Auslöseereignis den Betrag, der am betreffenden Herabschreibungs-Stichtag zur vollständigen Wiederherstellung der Maßgeblichen Harten Kernkapitalquote bis zur Maßgeblichen Mindest-CET1-Auslösequote erforderlich ist; höchstens jedoch die Summe der im Zeitpunkt des Eintritts des Auslöseereignisses ausstehenden Kapitalbeträge dieser Instrumente.

Jedes andere Instrument des zusätzlichen Kernkapitals der Emittentin, das nur insgesamt und nicht teilweise herabgeschrieben oder in Eigenkapital gewandelt werden kann, soll so behandelt werden als ob seine Bedingungen eine teilweise Herabschreibung oder Wandlung in Eigenkapital vorsehen würden, jedoch nur für Zwecke der Bestimmung eines relevanten *pro rata* Betrags im Zusammenhang mit der Umsetzung einer Herabschreibung und der Berechnung des Betrags der Herabschreibung.

Soweit die Herabschreibung (bzw. eine Umwandlung in Instrumente des harten Kernkapitals) im Hinblick auf eines oder mehrere der anderen Instrumente des zusätzlichen Kernkapitals der Emittentin aus irgendeinem Grund nicht wirksam ist, (i) hat die Unwirksamkeit einer solchen Herabschreibung oder Umwandlung keine Auswirkung auf das Erfordernis, eine Herabschreibung der Kapitalschuldverschreibungen gemäß diesem § 8 (1) vorzunehmen, und (ii) wird die unwirksame Herabschreibung oder Umwandlung eines anderen Instruments des zusätzlichen Kernkapitals der

If no such proportion or order of application is required in accordance with the Applicable Supervisory Regulations, subject to any previously assumed contractual obligations of the Issuer to the contrary, the following applies: The write-downs with respect to the Capital Notes shall be effected *pro rata* with all other Additional Tier 1 Instruments, under the respective terms of which a trigger event has occurred. For such purpose, the total amount of the write-downs (or conversions into Common Equity Tier 1 Instruments, as applicable) to be allocated *pro rata* on the basis of the principal amount of the relevant instruments at the time of such write-downs shall be equal to the relevant Write-down Amount.

All instruments will only participate in a write-down (or a conversion into Common Equity Tier 1 Instruments, as applicable) as long as this is required to restore the Relevant Common Equity Tier 1 Capital Ratio provided for as trigger event in their respective terms.

"Write-down Amount" means, with respect to each Trigger Event, the amount required at the relevant Write-Down Effective Date to fully restore the Relevant Common Equity Tier 1 Capital Ratio to the Relevant Minimum CET1 Trigger Ratio, provided however, that such amount shall not exceed the sum of the principal amounts of the relevant instruments outstanding at the time of occurrence of the Trigger Event.

Any other Additional Tier 1 Instrument of the Issuer that may only be written down or converted to equity in full but not in part shall be treated as if its terms permitted partial write-down or conversion into equity, only for the purposes of determining the relevant *pro rata* amounts in the operation of write-down and calculation of the write-down amount.

To the extent that the write-down (or a conversion into Common Equity Tier 1 Instruments) of one or more of the other Additional Tier 1 Instruments of the Issuer is not effective for any reason, (i) the ineffectiveness of any such write-down or conversion shall not prejudice the requirement to effect a write-down of the Capital Notes pursuant to this § 8 (1) and (ii) the write-down or conversion of any other Additional Tier 1 Instruments of the Issuer that is not effective shall not be taken into account in determining the write-down amount of the Capital Notes.

Emittentin bei der Bestimmung des Betrags der Herabschreibung der Kapitalschuldverschreibungen nicht berücksichtigt.

Die Summe der in Bezug auf die Kapitalschuldverschreibungen vorzunehmenden Herabschreibungen ist auf die Summe der Aktuellen Nennbeträge aller zum Zeitpunkt des Eintritts des jeweiligen Auslöseereignisses ausstehenden Kapitalschuldverschreibungen beschränkt.

Im Falle des Eintritts eines Auslöseereignisses wird die Emittentin:

(a) unverzüglich die Zuständige Aufsichtsbehörde (mit Ausnahme der Fälle, in denen die Zuständige Aufsichtsbehörde ein Auslöseereignis gemäß diesem § 8(1) bestimmt hat) sowie gemäß § 14 die Gläubiger der Kapitalschuldverschreibungen von dem Eintritt dieses Auslöseereignisses sowie des Umstandes, dass eine Herabschreibung vorzunehmen ist, unterrichten, und

(b) unverzüglich, spätestens jedoch innerhalb eines Monats (soweit die Zuständige Aufsichtsbehörde diese Frist nicht verkürzt) die vorzunehmende Herabschreibung feststellen und den Betrag der Herabschreibung sowie den Zeitpunkt der Feststellung der Herabsetzung (i) der Zuständigen Aufsichtsbehörde, (ii) den Gläubigern der Kapitalschuldverschreibungen gemäß § 14, (iii) der Berechnungsstelle und den Zahlstellen sowie (iv) jeder Börse, an der die Kapitalschuldverschreibungen auf Veranlassung der Emittentin zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, mitteilen.

Die Herabschreibung wird automatisch vorgenommen (ohne dass es einer Zustimmung der Gläubiger bedarf) und der Aktuelle Nennbetrag jeder Kapitalschuldverschreibung wird um den von der Emittentin festgestellten Betrag mit Wirkung ab dem Herabschreibungs-Stichtag herabgesetzt.

"Herabschreibungs-Stichtag" bezeichnet den Tag, an dem die Herabschreibung wirksam wird, wobei dieser Tag spätestens einen Monat (oder gegebenenfalls nach einem von der Zuständigen Aufsichtsbehörde verlangten kürzeren Zeitraum) nach Eintritt des betreffenden Auslöseereignisses liegt.

Die Herabschreibung tritt unabhängig von der Abgabe einer Mitteilung nach (b)(i) und (b)(ii) ein. Eine nicht erfolgte Mitteilung ist unverzüglich nachzuholen.

(2) *Hinweis auf die Möglichkeit von gesetzlichen Abwicklungsmaßnahmen.* Die zuständige

The sum of the write-downs to be effected with respect to the Capital Notes shall be limited to the aggregate Current Principal Amount of the Capital Notes outstanding at the time of occurrence of the relevant Trigger Event.

Upon the occurrence of a Trigger Event, the Issuer shall:

(a) inform the Competent Supervisory Authority (unless the Competent Supervisory Authority has determined a Trigger Event pursuant to this § 8(1)) and, in accordance with § 14, the Holders of the Capital Notes without undue delay about the occurrence of such Trigger Event and the fact that a write-down will have to be effected, and

(b) determine the write-down to be effected without undue delay, but not later than within one month (unless the Competent Supervisory Authority shortens such period), and notify the amount and the date on which such write-down was determined (i) to the Competent Supervisory Authority, (ii) to the Holders of the Capital Notes in accordance with § 14, (iii) to the Calculation Agent and the Paying Agents, and (iv) , if required by the rules of any stock exchange on which the Capital Notes are listed from time to time at the request of the Issuer, to such stock exchange.

With effect as from the Write-Down Effective Date, the write-down will be effected automatically (without the need for the consent of Holders) and the Current Principal Amount of each Capital Note will be reduced by the amount determined by the Issuer.

"Write-Down Effective Date" means the date on which the write-down will take effect, being no later than one month (or such shorter period as the Competent Supervisory Authority may require) following the occurrence of the relevant Trigger Event.

The write-down becomes effective irrespective of whether the notice pursuant to (b)(i) and (b)(ii) is given. Any failure to notify must be remedied without undue delay.

(2) *Note on the possibility of statutory resolution measures.* Prior to any insolvency or

Abwicklungsbehörde kann nach den für die Emittentin anwendbaren Abwicklungsvorschriften Verbindlichkeiten der Emittentin aus den Kapitalschuldverschreibungen vor einer Insolvenz oder Liquidation der Emittentin herabschreiben (bis einschließlich auf null), in Eigenkapital (zum Beispiel Genossenschaftsanteile der Emittentin) umwandeln oder sonstige Abwicklungsmaßnahmen treffen, einschließlich (jedoch nicht beschränkt auf) einer Übertragung der Verbindlichkeiten auf einen anderen Rechtsträger, einer Änderung dieser Anleihebedingungen oder einer Löschung der Kapitalschuldverschreibungen. Im Fall von Abwicklungsmaßnahmen durch Herabschreibung oder Umwandlung in Eigenkapital werden die Kapitalschuldverschreibungen als Instrumente des zusätzlichen Kernkapitals vor allen anderen relevanten Kapitalinstrumenten und berücksichtigungsfähigen Verbindlichkeiten der Emittentin, mit Ausnahme von anderen Instrumenten des zusätzlichen Kernkapitals und Instrumenten des harten Kernkapitals der Emittentin, herangezogen.

Die Ausübung der Befugnis zur Herabschreibung oder Umwandlung oder das Treffen einer Abwicklungsmaßnahme, welche die Kapitalschuldverschreibungen betreffen, sind für die Gläubiger verbindlich. Aufgrund der Ausübung der Befugnis zur Herabschreibung oder Umwandlung oder des Treffens einer Abwicklungsmaßnahme bestehen keine Ansprüche oder anderen Rechte der Gläubiger gegen die Emittentin. Insbesondere stellt die Ausübung der Befugnis zur Herabschreibung oder Umwandlung oder das Treffen einer Abwicklungsmaßnahme keine Pflichtverletzung der Emittentin unter diesen Anleihebedingungen dar und berechtigt die Gläubiger nicht zur Kündigung der Kapitalschuldverschreibungen.

(3) *Hochschreibung.* Nach der Vornahme einer Herabschreibung (mit Ausnahme einer Herabschreibung gemäß § 8(2)) kann der Aktuelle Nennbetrag jeder Kapitalschuldverschreibung in jedem dem Herabschreibungs-Stichtag nachfolgenden Geschäftsjahr der Emittentin bis zur vollständigen Höhe des Ursprünglichen Nennbetrags (soweit nicht zuvor zurückgezahlt oder angekauft und entwertet) nach Maßgabe der folgenden Regelungen dieses § 8(3) wieder hochgeschrieben werden, soweit ein entsprechender Jahresüberschuss zur Verfügung steht und mithin hierdurch kein Jahresfehlbetrag entsteht oder erhöht würde. Ein solcher Jahresüberschuss ist bezogen auf den handelsrechtlichen Jahresabschluss der Emittentin zu ermitteln. Für den Fall, dass die MünchenerHyp zu irgendeinem Zeitpunkt nach der Begebung der Kapitalschuldverschreibungen nicht mehr gemäß § 296(2) HGB auf die Aufstellung eines Konzernabschlusses verzichtet, ist alternativ der Jahresüberschuss bezogen auf den

liquidation of the Issuer, under bank resolution laws applicable to the Issuer from time to time, the competent resolution authority may write down (including to zero) the obligations of the Issuer under the Capital Notes, convert them into equity (e.g. cooperative shares of the Issuer) or apply any other resolution measure, including (but not limited to) any transfer of the obligations to another entity, an amendment of these Terms and Conditions or a cancellation of the Capital Notes. In the case of resolution measures imposed on the Issuer by way of write down or conversion into equity, the Capital Notes will, as Additional Tier 1 Instruments, be subject to resolution measures before all other relevant capital instruments and eligible liabilities of the Issuer, except for other Additional Tier 1 Instruments and Common Equity Tier 1 Instruments of the Issuer.

The Holders shall be bound by the exercise of the power to write down or convert or the taking of any resolution measure in respect of the Capital Notes. No Holders shall have any claim or other right against the Issuer arising out of any exercise of the power to write down or convert or the taking of any resolution measure. In particular, the exercise of any exercise of the power to write down or convert or the taking of any resolution measure shall not constitute a default of the Issuer under these Terms and Conditions and shall not entitle the Holders to call the Capital Notes for redemption.

(3) *Write-up.* After a write-down has been effected (except for a write-down pursuant to § 8(2)), the Current Principal Amount of each Capital Note, unless previously redeemed or repurchased and cancelled, may be written up in accordance with the following provisions of this § 8(3) in each financial year of the Issuer subsequent to the Write Down Effective Date until the full Initial Principal Amount has been reached, to the extent that a corresponding annual net income (*Jahresüberschuss*) is available and, accordingly, the write-up will not give rise to or increase an annual net loss (*Jahresfehlbetrag*). Such annual net income shall be determined on the basis of the unconsolidated annual financial statements (*handelsrechtlicher Jahresabschluss*) of the Issuer. Alternatively, in case MünchenerHyp, at any time following the issuance of the Capital Notes, no longer dispenses with the compilation of consolidated financial statements in accordance with section 296 (2) of the Commercial Code, the

Konzernabschluss der Emittentin zu ermitteln, (i) wenn dieser niedriger ist als der im handelsrechtlichen Jahresabschluss der Emittentin ausgewiesene Jahresüberschuss, und (ii) die Begrenzung gemäß (i) aufgrund von Gesetz oder behördlicher Anordnung vorgeschrieben ist. Die Hochschreibung erfolgt mit Wirkung ab dem Zinszahlungstag (einschließlich), der unmittelbar auf das Geschäftsjahr der Emittentin folgt, für das der betreffende Jahresüberschuss ermittelt wurde.

Die Hochschreibung erfolgt gleichrangig mit der Hochschreibung anderer Instrumente des zusätzlichen Kernkapitals.

Die Vornahme einer Hochschreibung steht vorbehaltlich der nachfolgenden Vorgaben (i) bis (v) im freien Ermessen der Emittentin. Insbesondere kann die Emittentin auch dann ganz oder teilweise von einer Hochschreibung absehen, wenn ein entsprechender Jahresüberschuss zur Verfügung steht und die nachfolgenden Vorgaben (i) bis (v) erfüllt wären.

(i) Soweit der festgestellte bzw. festzustellende Jahresüberschuss für die Hochschreibung der Kapitalschuldverschreibungen und anderer, mit einem vergleichbaren Auslöseereignis (ggf. mit einer abweichenden harten Kernkapitalquote als Auslöser) ausgestatteter Instrumente des zusätzlichen Kernkapitals (insgesamt – einschließlich der Kapitalschuldverschreibungen – die **"Herabgeschriebenen AT1 Instrumente"**; zur *Klarstellung*: dieser Begriff schließt solche Instrumente aus, die nur nach den Übergangsbestimmungen der CRR als Posten des zusätzlichen Kernkapitals qualifizieren) zu verwenden ist und nach Maßgabe von (ii) und (iii) zur Verfügung steht, erfolgt die Hochschreibung *pro rata* nach Maßgabe der ursprünglichen Nennbeträge der Herabgeschriebenen AT1 Instrumente.

(ii) Der Höchstbetrag, der insgesamt für die Hochschreibung der Kapitalschuldverschreibungen und anderer Herabgeschriebener AT1 Instrumente sowie die Zahlung von Zinsen und anderen Ausschüttungen auf Herabgeschriebene AT1 Instrumente verwendet werden kann, errechnet sich nach den jeweils anwendbaren technischen Regulierungsstandards und den im Übrigen im Zeitpunkt der Vornahme der Hochschreibung Anwendbaren Aufsichtsrechtlichen Vorschriften. Zum Zeitpunkt der Begebung der Kapitalschuldverschreibungen entspricht dieser Höchstbetrag gemäß Artikel 21 der Delegierten Verordnung dem Jahresüberschuss des Instituts multipliziert mit dem Betrag, der sich bei Division der Summe des nominalen Betrags aller Instrumente des

annual net income shall be determined on the basis of the consolidated financial statements of the Issuer (i) if it is lower than the annual net income recorded in the unconsolidated annual financial statements (*handelsrechtlicher Jahresabschluss*) of the Issuer, and (ii) the limitation pursuant to (i) is required by law or an administrative order. The write-up will occur with effect from (and including) the Interest Payment Date immediately following the financial year of the Issuer for which the relevant annual profit (*Jahresüberschuss*) was determined.

The write-up shall be effected *pari passu* with write-ups of other Additional Tier 1 Instruments.

Subject to the conditions (i) to (v) below, it shall be at the sole discretion of the Issuer to effect a write-up. In particular, the Issuer may effect a write-up only in part or effect no write-up at all even if a corresponding annual net income (*Jahresüberschuss*) is available and the conditions (i) to (v) below are fulfilled.

(i) To the extent that the annual net income determined or to be determined is to be used for a write-up of the Capital Notes and of other Additional Tier 1 Instruments, the terms of which provide for a similar trigger event (also if such terms provide for a different Common Equity Tier 1 Capital ratio as trigger) (together with the Capital Notes the **"Written Down AT1 Instruments"**; *for the avoidance of doubt*: such term excludes instruments that qualify as Additional Tier 1 items solely pursuant to transitional provisions under the CRR) and is available in accordance with (ii) and (iii) below, such write-up shall be effected *pro rata* in proportion to the initial principal amounts of the Written Down AT1 Instruments.

(ii) The maximum total amount that may be used for a write-up of the Capital Notes and of other Written Down AT1 Instruments and for the payment of interest and other Distributions on Written Down AT1 Instruments shall be calculated in accordance with the regulatory technical standards and the other Applicable Supervisory Regulations applicable at the time when the write-up is effected. At the time of issuance of the Capital Notes, such maximum amount, pursuant to Article 21 of the Commission Delegated Regulation, shall be equal to the annual net income (*Jahresüberschuss*) of the institution multiplied by the amount obtained by dividing the sum of the nominal amount of all Additional Tier 1 Instruments of the institution before write-down that have been subject to a

zusätzlichen Kernkapitals des Instituts, die Gegenstand einer Herabschreibung waren, vor dem Zeitpunkt der Herabschreibung durch die Gesamtheit des Kernkapitals des Instituts ergibt. Für die Berechnung des Höchstbetrags gilt demnach folgende Formel:

$$H = J \times S/T1$$

H bezeichnet den für die Hochschreibung der Herabgeschriebenen AT1 Instrumente und Ausschüttungen auf Herabgeschriebene AT1 Instrumente zur Verfügung stehenden Höchstbetrag;

J bezeichnet den Jahresüberschuss des vorangegangenen Geschäftsjahres aus dem festgestellten bzw. festzustellenden handelsrechtlichen Jahresabschluss der Emittentin oder, falls niedriger, aus dem gebilligten bzw. zu billigenden etwaigen Konzernabschluss der Emittentin;

S bezeichnet die Summe der ursprünglichen Nennbeträge der Herabgeschriebenen AT1 Instrumente (d.h. vor Vornahme von Herabschreibungen infolge eines Auslöseereignisses oder eines vergleichbaren Ereignisses);

T1 bezeichnet den Betrag des Kernkapitals der Emittentin unmittelbar vor Vornahme der Hochschreibung.

Der Höchstbetrag H ist von der Emittentin jeweils im Einklang mit den technischen Regulierungsstandards und den im Übrigen im Zeitpunkt der Bestimmung Anwendbaren Aufsichtsrechtlichen Vorschriften zu bestimmen und der so bestimmte Betrag der Hochschreibung zugrunde zu legen, ohne dass es einer Änderung dieses Absatzes (ii) bedürfte.

(iii) Die Emittentin wird sämtliche gesetzlichen und behördlichen Ausschüttungsverbote beachten. Insgesamt darf die Summe der Beträge der Hochschreibungen auf Herabgeschriebene AT1 Instrumente zusammen mit etwaigen Dividenden und anderen Ausschüttungen in Bezug auf Genossenschaftsanteile und andere Instrumente des harten Kernkapitals der Emittentin und zusammen mit Zinszahlungen und anderen Ausschüttungen auf Herabgeschriebene AT1 Instrumente in Bezug auf das betreffende Geschäftsjahr den Maximum Distributable Amount (MDA), sowie, ab dem Zeitpunkt ihrer Anwendbarkeit und sofern eine Zuständige Aufsichtsbehörde ein entsprechendes Ausschüttungsverbot festsetzt, die Grenze des M-MDA und/oder einen anderen gemäß den Anwendbaren Aufsichtsrechtlichen Vorschriften vorgeschriebenen maximal ausschüttungsfähigen Betrag, nicht überschreiten.

write-down by the total Tier 1 Capital of the institution. Accordingly, the maximum amount shall be calculated in accordance with the following formula:

$$H = J \times S/T1$$

H means the maximum amount available for the write-up of the Written Down AT1 Instruments and Distributions on Written Down AT1 Instruments;

J means the annual net income for the previous financial year, as shown in the unconsolidated annual financial statements (*handelsrechtlicher Jahresabschluss*) of the Issuer approved or to be approved or, if lower, as shown in the consolidated financial statements, if any, of the Issuer approved or to be approved;

S means the sum of the initial principal amounts of the Written Down AT1 Instruments (i.e. before write-downs due to a Trigger Event or other comparable event are effected);

T1 means the amount of the Tier 1 Capital of the Issuer immediately before the write-up is effected.

The maximum amount H shall be determined by the Issuer in accordance with the regulatory technical standards and the other Applicable Supervisory Regulations applicable at the time of determination, and the write-up shall be based on the amount so determined without requiring any amendment to this subparagraph (ii).

(iii) The Issuer will comply with all prohibitions of Distributions imposed by law or an authority. In total, the sum of the amounts of the write-ups of Written Down AT1 Instruments together with the amounts of any dividend payments and other Distributions on cooperative shares and other Common Equity Tier 1 Instruments of the Issuer and together with payment of interests and other Distributions on Written Down AT1 Instruments for the relevant financial year must not exceed the Maximum Distributable Amount (MDA) and, from the time of its applicability and to the extent a prohibition of Distributions is imposed by a Competent Supervisory Authority, the limit resulting from the M-MDA and/or any other maximum distributable amount applicable in accordance with the Applicable Supervisory Regulations.

(iv) Hochschreibungen der Kapitalschuldverschreibungen gehen Dividenden und anderen Ausschüttungen in Bezug auf Genossenschaftsanteile und andere Instrumente des harten Kernkapitals der Emittentin nicht vor, d.h. diese Dividenden und anderen Ausschüttungen können auch dann vorgenommen werden, solange keine vollständige Hochschreibung erfolgt ist.

(v) Zum Zeitpunkt einer Hochschreibung darf kein Auslöseereignis fortbestehen. Eine Hochschreibung ist zudem ausgeschlossen, soweit diese zu dem Eintritt eines Auslöseereignisses führen würde.

Wenn sich die Emittentin für die Vornahme einer Hochschreibung nach den Bestimmungen dieses § 8(3) entscheidet, wird sie unverzüglich gemäß § 14 die Gläubiger der Kapitalschuldverschreibungen, die Berechnungsstelle sowie die Zahlstellen von der Vornahme der Hochschreibung (einschließlich des Hochschreibungsbetrags als Prozentsatz des Ursprünglichen Nennbetrags der Kapitalschuldverschreibungen, des neuen Aktuellen Nennbetrags und des Tages, an dem die Hochschreibung bewirkt werden soll (jeweils ein "**Hochschreibungstag**")) unterrichten. Die Hochschreibung ist vorgenommen und der jeweilige Aktuelle Nennbetrag der Kapitalschuldverschreibungen ist um den in der Mitteilung angegebenen Betrag mit Wirkung zum Hochschreibungstag erhöht, wenn die Mitteilung an die Gläubiger gemäß § 14 veröffentlicht ist.

(4) *Fremdwährungen.* Sofern Beträge für ein Instrument (einschließlich dieser Kapitalschuldverschreibungen) nicht in der funktionalen Währung der Emittentin ausgedrückt sind, erfolgt im Rahmen der Anwendung dieses § 8 eine Umrechnung in diese funktionale Währung zu dem zum jeweiligen Berechnungszeitpunkt geltenden vorherrschenden und durch die Emittentin nach billigem Ermessen festgestellten Wechselkurs oder gemäß einem anderen Verfahren, das in den jeweiligen Eigenkapitalvorschriften vorgesehen ist.

§ 9

Die Zahlstellen und die Berechnungsstelle

(1) *Bestellung; bezeichnete Geschäftsstelle.* Die anfänglich bestellte Hauptzahlstelle in der Schweiz (die "**Schweizer Hauptzahlstelle**") und deren anfänglich bezeichnete Geschäftsstelle lautet wie folgt:

Credit Suisse AG
Paradeplatz 8
8001 Zürich
Schweiz

(iv) Write-ups of the Capital Notes do not have priority over dividend payments and other Distributions on cooperative shares and other Common Equity Tier 1 Instruments of the Issuer, i.e. such dividend payments and other Distributions are permitted even if no full write-up has been effected.

(v) At the time of a write-up, there must not exist any Trigger Event that is continuing. A write-up is also excluded if such write-up would give rise to the occurrence of a Trigger Event.

If the Issuer elects to effect a write-up in accordance with the provisions of this § 8(3), it shall notify the write-up (including the amount of the write-up as a percentage of the Initial Principal Amount of the Capital Notes, the Current Principal Amount and the effective date of the write-up (in each case a "**Write-up Date**") without undue delay to the Holders of the Capital Notes in accordance with § 14, to the Calculation Agent and to the Paying Agents. The write-up shall be effected and the Current Principal Amount of the Capital Notes shall be increased by the amount specified in the notice with effect as of the Write-up Date at the time when the notice to the Holders is given in accordance with § 14.

(4) *Other Currencies.* If any amounts with respect to any instrument (including the Capital Notes) are not expressed in the functional currency of the Issuer, for the application of this § 8, such amounts will be converted into such functional currency at the exchange rate prevailing at the relevant time of calculation, as determined by the Issuer in its reasonable discretion, or by such other procedure as provided by applicable capital regulations.

§ 9

Paying Agents and Calculation Agent

(1) *Appointment; Specified Office.* The initial Principal Paying Agent in Switzerland (the "**Swiss Principal Paying Agent**") and its initial specified office is:

Credit Suisse AG
Paradeplatz 8
8001 Zurich
Switzerland

Die Schweizer Hauptzahlstelle behält sich das Recht vor, jederzeit ihre bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

The Swiss Principal Paying Agent reserves the right at any time to change its specified office to some other specified office in the same city.

Die anfänglich bestellte Zahlstelle in der Bundesrepublik Deutschland (die "**Deutsche Zahlstelle**") und deren anfänglich bezeichnete Geschäftsstelle lautet wie folgt:

The initial Paying Agent in the Federal Republic of Germany (the "**German Paying Agent**") and its initial specified office is:

Münchener Hypothekenbank eG
Karl-Scharnagl-Ring 10
80539 München
Bundesrepublik Deutschland

Münchener Hypothekenbank eG
Karl-Scharnagl-Ring 10
80539 Munich
Federal Republic of Germany

Die Deutsche Zahlstelle behält sich das Recht vor, jederzeit ihre bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

The German Paying Agent reserves the right at any time to change its specified office to some other specified office in the same city.

Die Berechnungsstelle (die "**Berechnungsstelle**") und ihre anfänglich bezeichnete Geschäftsstelle lauten wie folgt:

The initial Calculation Agent (the "**Calculation Agent**") and its initial specified office is:

Credit Suisse AG
Paradeplatz 8
8001 Zürich
Schweiz

Credit Suisse AG
Paradeplatz 8
8001 Zurich
Switzerland

Die Berechnungsstelle behält sich das Recht vor, jederzeit ihre bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

The Calculation Agent reserves the right at any time to change its specified office to some other specified office in the same city.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Schweizer Hauptzahlstelle, der Deutschen Zahlstelle oder der Berechnungsstelle zu ändern oder zu beenden oder zusätzliche oder andere Zahlstellen oder eine andere Berechnungsstelle zu bestellen. Die Emittentin wird zu jedem Zeitpunkt eine Zahlstelle und, solange die Kapitalschuldverschreibungen an der SIX Swiss Exchange notiert sind, eine Zahlstelle (die die Schweizer Hauptzahlstelle sein kann) mit bezeichneter Geschäftsstelle in der Schweiz und/oder an solchen anderen Orten unterhalten, die die Regeln dieser Börse verlangen, und eine Berechnungsstelle unterhalten. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Gläubiger hierüber gemäß § 14 vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Kalendertagen informiert wurden.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Swiss Principal Paying Agent, the German Paying Agent or the Calculation Agent or to appoint additional or other Paying Agents or another Calculation Agent. The Issuer shall at all times maintain a Paying Agent, and, as long as the Capital Notes are listed on the SIX Swiss Exchange, a Paying Agent (which may be the Swiss Principal Paying Agent) with a specified office in Switzerland and/or in such other place as may be required by the rules of such stock exchange, and a Calculation Agent. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 calendar days' prior notice thereof shall have been given to the Holders in accordance with § 14.

(3) *Berechnungen der Berechnungsstelle.* Sämtliche Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und

(3) *Calculations made by the Calculation Agent.* All certificates, communications, opinions, determinations, calculations, quotations and

Entscheidungen, die von der Berechnungsstelle für die Zwecke dieser Anleihebedingungen gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht vorsätzliches Fehlverhalten oder ein offensichtlicher Irrtum vorliegt) für die Emittentin, die Gläubiger und die Zahlstellen bindend.

(4) *Beauftragte der Emittentin.* Die Zahlstellen und die Berechnungsstelle handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Gläubigern, und es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Gläubigern begründet.

§ 10 Steuern

Sämtliche auf die Kapitalschuldverschreibungen zu zahlenden Beträge sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde der oder in der Bundesrepublik Deutschland oder von den Vereinigten Staaten von Amerika auferlegt oder erhoben werden, es sei denn, dieser Einbehalt oder Abzug ist gesetzlich oder durch einen zwischen der Bundesrepublik Deutschland und den Vereinigten Staaten von Amerika abgeschlossenen Vertrag vorgeschrieben. Soweit ein solcher Einbehalt oder Abzug im Hinblick auf die Zahlung von Zinsen auf die Kapitalschuldverschreibungen zu erfolgen hat und vorbehaltlich § 5(2) und soweit dies nicht die Ausschüttungsfähigen Posten übersteigen würde, wird die Emittentin diejenigen zusätzlichen Beträge (die "**Zusätzlichen Beträge**") zahlen, die erforderlich sind, damit die den Gläubigern zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Gläubigern empfangen worden wären; die Verpflichtung zur Zahlung solcher Zusätzlichen Beträge besteht jedoch nicht im Hinblick auf Steuern und Abgaben, die:

(a) von einer als Depotbank oder Inkassobeauftragter des Gläubigers handelnden Person oder sonst auf andere Weise zu entrichten sind als dadurch, dass die Emittentin aus den von ihr zu leistenden Zahlungen einen Abzug oder Einbehalt vornimmt; oder

(b) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Gläubigers zu der Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Kapitalschuldverschreibungen aus Quellen in Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort

decisions given, expressed, made or obtained for the purposes of the provisions of these Terms and Conditions by the Calculation Agent shall (in the absence of wilful misconduct or manifest error) be binding upon the Issuer, the Holders and the Paying Agents.

(4) *Agents of the Issuer.* The Paying Agents and the Calculation Agent act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

§ 10 Taxation

All amounts payable in respect of the Capital Notes shall be paid without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction by or in or for the account of the Federal Republic of Germany or by or for the account of any political subdivision or any authority thereof or therein having power to tax or by the United States of America unless such withholding or deduction is required by law or by an agreement between the Federal Republic of Germany and the United States of America. To the extent such withholding or deduction is required to be made from payments of interest in respect of the Capital Notes and subject to § 5(2) and to the extent this would not exceed Available Distributable Items, the Issuer shall pay such additional amounts (the "**Additional Amounts**") as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction, shall equal the respective amounts which would otherwise have been receivable by the Holders in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable on account of any taxes or duties which:

(a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments made by it; or

(b) are payable by reason of the Holder having, or having had, some personal or business connection with the Federal Republic of Germany and not merely by reason of the fact that payments in respect of the Capital Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of

besichert sind; oder

(c) aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der die Bundesrepublik Deutschland und/oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt, abzuziehen oder einzubehalten sind; oder

(d) von einer Zahlstelle einbehalten oder abgezogen werden, wenn die Zahlung von einer anderen Zahlstelle ohne den Einbehalt oder Abzug hätte vorgenommen werden können; oder

(e) wegen einer Rechtsänderung oder einer Änderung in der Rechtsanwendung zu zahlen sind, welche später als 30 Kalendertage nach Fälligkeit der betreffenden Zahlung oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § 14 wirksam wird; oder

(f) durch die Erfüllung von gesetzlichen Anforderungen oder durch die Vorlage einer Nichtansässigkeitserklärung oder durch die sonstige Geltendmachung eines Anspruchs auf Befreiung gegenüber der betreffenden Steuerbehörde vermeidbar sind oder gewesen wären; oder

(g) abgezogen oder einbehalten werden, weil der wirtschaftliche Eigentümer der Kapitalschuldverschreibungen nicht selbst rechtlicher Eigentümer (Gläubiger) der Kapitalschuldverschreibungen ist und der Abzug oder Einbehalt bei Zahlungen an den wirtschaftlichen Eigentümer nicht erfolgt wäre oder eine Zahlung zusätzlicher Beträge bei einer Zahlung an den wirtschaftlichen Eigentümer nach Maßgabe der vorstehenden Regelungen hätte vermieden werden können, wenn dieser zugleich rechtlicher Eigentümer (Gläubiger) der Kapitalschuldverschreibungen gewesen wäre; oder

(h) wegen der Ansässigkeit des Gläubigers in einem nicht kooperativen Steuerhoheitsgebiet im Sinne des Gesetzes zur Abwehr von Steuervermeidung und unfairer Steuerwettbewerb (StAbwG) in der Fassung wie jeweils geändert oder ersetzt (einschließlich der aufgrund von diesem Gesetz ergangenen Verordnungen) zu zahlen sind; oder

(i) gemäß §§ 1471 bis 1474 des U.S. Internal Revenue Code (einschließlich dessen Änderungen oder Nachfolgevorschriften), gemäß zwischenstaatlicher Abkommen, gemäß den in einer anderen Rechtsordnung in Zusammenhang mit

Germany; or

(c) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which the Federal Republic of Germany and/or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding; or

(d) are withheld or deducted by a Paying Agent from a payment if the payment could have been made by another Paying Agent without such withholding or deduction; or

(e) are payable by reason of a change in law or administrative practice that becomes effective more than 30 calendar days after the relevant payment becomes due or, if this occurs later, after all due amounts have been duly provided for and a notice to that effect has been published in accordance with § 14; or

(f) are avoidable or would have been avoidable through fulfilment of statutory requirements or through the submission of a declaration of non-residence or by otherwise enforcing a claim for exemption vis-à-vis the relevant tax authority; or

(g) are deducted or withheld because the beneficial owner of the Capital Notes is not himself the legal owner (Holder) of the Capital Notes and the deduction or withholding in respect of payments to the beneficial owner would not have been made or the payment of Additional Amounts in respect of a payment to the beneficial owner in accordance with the above provisions could have been avoided if the latter had also been the legal owner (Holder) of the Capital Notes; or

(h) are payable by reason of the Holder being resident in a non-cooperative territory (*nicht kooperatives Steuerhoheitsgebiet*) in the meaning of the German Law to prevent Tax Avoidance and Unfair Tax Competition (*Gesetz zur Abwehr von Steuervermeidung und unfairer Steuerwettbewerb - StAbwG*), as amended or replaced from time to time (including any ordinance (*Verordnung*) enacted based on this law); or

(i) are required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (as amended, including any successor provisions), pursuant to any intergovernmental agreement, pursuant to any implementing legislation adopted

diesen Bestimmungen erlassenen Durchführungsvorschriften oder gemäß mit dem U.S. Internal Revenue Service geschlossenen Verträgen (nachstehend auch "**FATCA Quellensteuer**" genannt) erforderlich sind als Folge davon, dass eine andere Person als die Emittentin oder deren Emissionsstelle und/oder Zahlstelle nicht zum Empfang von Zahlungen ohne FATCA Quellensteuer berechtigt ist. Die Emittentin ist nicht verpflichtet, Zusätzliche Beträge zu zahlen oder einen Gläubiger in Bezug auf FATCA Quellensteuer schadlos zu halten, die von der Emittentin, deren Emissionsstelle und/oder Zahlstelle oder von einem anderen Beteiligten einbehalten oder abgezogen wurde.

§ 11 Vorlegungsfrist

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Kapitalschuldverschreibungen auf zehn Jahre verkürzt.

§ 12 Änderung der Anleihebedingungen, Gemeinsamer Vertreter

(1) *Mehrheitsbeschlüsse nach dem Schuldverschreibungsgesetz.* Die Emittentin kann, vorbehaltlich der Einhaltung der aufsichtsrechtlichen Voraussetzungen für die Anerkennung der Kapitalschuldverschreibungen als Instrumente des zusätzlichen Kernkapitals, mit den Gläubigern gemäß §§ 5 ff. SchVG Änderungen dieser Anleihebedingungen und die Bestellung eines gemeinsamen Vertreters durch Mehrheitsbeschluss der Gläubiger vereinbaren. Insbesondere können die Gläubiger durch Beschluss mit der in § 12(2) genannten Mehrheit Änderungen zustimmen, durch welche der wesentliche Inhalt dieser Anleihebedingungen geändert wird, einschließlich der in § 5 Abs. 3 SchVG genannten Maßnahmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss der Gläubiger ist für alle Gläubiger gleichermaßen verbindlich.

(2) *Mehrheitserfordernisse.* Die Gläubiger entscheiden mit einer Mehrheit von 75 % der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt dieser Anleihebedingungen nicht geändert wird und die keinen Gegenstand des § 5 Absatz 3, Nr. 1 bis Nr. 9 SchVG betreffen, bedürfen zu ihrer Wirksamkeit einer einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte.

(3) *Beschlussfassung.* Die Gläubiger können Beschlüsse in einer Gläubigerversammlung gemäß §§ 5 ff. SchVG oder im Wege einer Abstimmung ohne Versammlung gemäß § 18 und § 5 ff. SchVG fassen.

by any other jurisdictions in connection with these provisions, or pursuant to any agreements entered into with the U.S. Internal Revenue Service (hereinafter also referred to as "**FATCA Withholding**") as a result of any person (other than the Issuer or the Fiscal Agent and/or Paying Agent of the Issuer) not being entitled to receive payments free of FATCA Withholding. The Issuer will have no obligation to pay Additional Amounts or otherwise indemnify a Holder for any FATCA Withholding withheld or deducted by the Issuer or the Fiscal Agent and/or Paying Agent of the Issuer or any other party.

§ 11 Presentation Period

The presentation period provided in Section 801 para 1 sentence 1 of the German Civil Code (*BGB*) is reduced to ten years for the Capital Notes.

§ 12 Amendments to the Terms and Conditions, Holders' Representative

(1) *Majority Resolutions pursuant to the SchVG.* The Issuer may, subject to compliance with the requirements of regulatory law for the recognition of the Capital Notes as Additional Tier 1 Instruments, agree with the Holders in accordance with Sections 5 et seq. SchVG on amendments to these Terms and Conditions and on the appointment of a common representative by majority resolution of the Holders. In particular, the Holders may, by resolution passed by the majority specified in § 12(2), consent to amendments which materially change the substance of these Terms and Conditions, including the measures listed in Section 5 (3) SchVG. A duly passed majority resolution of the Holders shall be binding on all Holders.

(2) *Majority.* Resolutions of the Holders shall be passed by a majority of not less than 75% of the votes cast. Resolutions relating to amendments to these Terms and Conditions which are not material and which do not relate to the matters listed in Section 5 (3) nos. 1 to 9 SchVG require a simple majority of the votes cast.

(3) *Passing of Resolutions.* The Holders may pass resolutions in a meeting of Holders in accordance with Sections 5 et seq. SchVG or by vote taken without a meeting in accordance with

(4) *Gläubigerversammlung.* Die Teilnahme an der Gläubigerversammlung und die Ausübung der Stimmrechte ist von einer vorherigen Anmeldung der Gläubiger abhängig. Die Anmeldung muss unter der in der Bekanntmachung der Einberufung mitgeteilten Adresse spätestens am dritten Tag vor der Gläubigerversammlung zugehen. Mit der Anmeldung müssen die Gläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis einer Depotbank gemäß § 16(3)(i)(a) und (b) und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Kapitalschuldverschreibungen ab dem Tag der Absendung der Anmeldung (einschließlich) bis zum angegebenen Ende der Gläubigerversammlung (einschließlich) nicht übertragbar sind, nachweisen.

(5) *Abstimmung ohne Versammlung.* Zusammen mit der Stimmabgabe müssen die Gläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis einer Depotbank gemäß § 16(3)(i)(a) und (b) und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Kapitalschuldverschreibungen ab dem Tag der Stimmabgabe (einschließlich) bis zum letzten Tag des Abstimmungszeitraums (einschließlich) nicht übertragbar sind, nachweisen.

(6) *Zweite Versammlung.* Wird für die Gläubigerversammlung gemäß § 12(4) oder die Abstimmung ohne Versammlung gemäß § 12(5) die mangelnde Beschlussfähigkeit festgestellt, kann – im Fall der Gläubigerversammlung – der Vorsitzende eine zweite Versammlung im Sinne von § 15 Absatz 3 Satz 2 SchVG und – im Fall der Abstimmung ohne Versammlung – der Abstimmungsleiter eine zweite Versammlung im Sinne von § 15 Absatz 3 Satz 3 SchVG einberufen. Die Teilnahme an der zweiten Versammlung und die Ausübung der Stimmrechte sind von einer vorherigen Anmeldung der Gläubiger abhängig. Für die Anmeldung gelten § 12(4) Satz 2 und 3 entsprechend.

(7) *Bekanntmachung.* Bekanntmachungen betreffend diesen § 12 erfolgen ausschließlich gemäß den Bestimmungen des SchVG.

(8) *Aufsichtsrechtlich relevante Bestimmungen.* Es wird darauf hingewiesen, dass die Emittentin, sofern eine Änderung dieser Anleihebedingungen aufsichtsrechtlich relevante Bestimmungen betrifft, vor Erteilung ihrer Zustimmung zu einer solchen Änderung der Zuständigen Aufsichtsbehörde Gelegenheit zur Stellungnahme geben wird und, falls die Zuständige Aufsichtsbehörde der geplanten Änderung widerspricht oder diese untersagt, keine

(4) *Holder's Meeting.* Attendance at the Holders' meeting and exercise of voting rights is subject to the Holders' registration. The registration must be received at the address stated in the convening notice no later than the third day preceding the meeting. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of a Custodian in accordance with § 16(3)(i)(a) and (b) in text form and by submission of a blocking instruction by the Custodian stating that the relevant Capital Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting.

(5) *Vote without a Meeting.* Together with casting their votes, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of a Custodian in accordance with § 16(3)(i)(a) and (b) in text form and by submission of a blocking instruction by the Custodian stating that the relevant Capital Notes are not transferable from and including the day such votes have been cast until and including the day the voting period ends.

(6) *Second Meeting.* If it is ascertained that no quorum exists for the meeting pursuant to § 12(4) or the vote without a meeting pursuant to § 12(5), in case of a Holder's meeting the chairman may convene a second meeting within the meaning of Section 15 (3) sentence 2 SchVG, and in case of a vote without a meeting the scrutineer may convene a second meeting within the meaning of Section 15 (3) sentence 3 SchVG. Attendance at the second meeting and exercise of voting rights is subject to the Holders' registration. § 12(4) sentences 2 and 3 apply *mutatis mutandis* to such registration.

(7) *Publication.* Any notices concerning this § 12 shall be given exclusively in accordance with the provisions of the SchVG.

(8) *Provisions with regulatory relevance.* It should be noted that, if an amendment to these Terms and Conditions concerns provisions with regulatory relevance, the Issuer will, prior to granting its consent to any such amendment, give the Competent Supervisory Authority the opportunity to comment on such amendment, and will not agree to such amendment if the Competent Supervisory Authority objects to or prohibits the

Zustimmung zu der Änderung erteilen wird.

same.

Eine Änderung dieser Anleihebedingungen bedarf in jedem Fall der Zustimmung der Emittentin, zu deren Erteilung die Emittentin nicht verpflichtet ist. Die Nichterteilung einer Zustimmung stellt keine Pflichtverletzung der Emittentin unter diesen Anleihebedingungen dar und berechtigt die Gläubiger nicht zur Kündigung der Kapitalschuldverschreibungen.

Any amendment to these Terms and Conditions requires the consent of the Issuer. The Issuer shall not have any obligation to grant its consent to an amendment of these Terms and Conditions, and any failure to do so shall not constitute a default of the Issuer under these Terms and Conditions and shall not entitle the Holders to call the Capital Notes for redemption.

§ 13 Begebung weiterer Kapitalschuldverschreibungen, Rückkauf und Entwertung

(1) *Begebung weiterer Kapitalschuldverschreibungen.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Kapitalschuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tages der Begebung, des Verzinsungsbeginns und/oder des Ausgabekurses) in der Weise zu begeben, dass sie mit diesen Kapitalschuldverschreibungen eine einheitliche Serie bilden.

(2) *Rückkauf.* Die Emittentin ist vorbehaltlich der Erfüllung der Rückzahlungs- und Rückkaufbedingungen gemäß § 7(5) berechtigt, Kapitalschuldverschreibungen im Markt oder anderweitig zu jedem beliebigen Kurs zurückzukaufen. Im Falle eines Auslöseereignisses darf die Emittentin keine Kapitalschuldverschreibungen nach diesem § 13(2) zurückkaufen, solange eine hieraus folgende Herabschreibung noch nicht erfolgt ist. Die von der Emittentin erworbenen Kapitalschuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Zahlstelle zwecks Entwertung eingereicht werden.

§ 14 Mitteilungen

Alle die Kapitalschuldverschreibungen betreffenden Mitteilungen, außer den in § 12 vorgesehenen Bekanntmachungen, die ausschließlich gemäß den Bestimmungen des SchVG erfolgen, wird die Emittentin im Bundesanzeiger veröffentlichen oder an das Clearing System zur Weiterleitung an die Gläubiger übermitteln. Jede Mitteilung durch Veröffentlichung im Bundesanzeiger oder einem Nachfolgemedium gilt am Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen am Tag der ersten solchen Veröffentlichung) als wirksam erfolgt. Jede Mitteilung über das Clearing System gilt am dritten Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt. Bei

§ 13 Further Issues, Repurchases and Cancellation

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further capital notes having the same terms and conditions as the Capital Notes in all respects (or in all respects except for the issue date, interest commencement date and/or issue price) so as to form a single series with the Capital Notes.

(2) *Repurchases.* The Issuer may, subject to the Conditions to Redemption and Repurchase pursuant to § 7(5) being met, repurchase Capital Notes in the market or otherwise at any price. Upon the occurrence of a Trigger Event, the Issuer may not repurchase any Capital Notes pursuant to this § 13(2) if and so long as a write-down resulting thereof has not been effected. Capital Notes repurchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Paying Agent for cancellation.

§ 14 Notices

All notices concerning the Capital Notes, other than notices stipulated in § 12 which shall be given exclusively in accordance with the provisions of the SchVG, shall be published by the Issuer in the Federal Gazette (*Bundesanzeiger*) or delivered to the Clearing System for communication by the Clearing System to the Holders. Any notice published in the Federal Gazette or any successor thereof will be deemed to have been validly given on the date of such publication (or, if published more than once, on the date of the first such publication). Any notice via the Clearing System shall be deemed to have been given to the Holders on the third day after the day on which such notice

Mitteilungen sowohl durch Veröffentlichung im Bundesanzeiger als auch über das Clearing System ist jene Mitteilung maßgeblich, welche als erstes wirksam wurde.

Solange die Kapitalschuldverschreibungen an der SIX Swiss Exchange notiert sind und solange die Regeln der SIX Swiss Exchange dies verlangen, werden alle die Kapitalschuldverschreibungen betreffenden Mitteilungen außerdem durch die Schweizer Hauptzahlstelle mittels elektronischer Publikation auf der Internetseite der SIX Swiss Exchange Ltd (wobei die Veröffentlichung von Mitteilungen zum Zeitpunkt der Emission der Kapitalschuldverschreibungen unter <https://www.six-exchange-regulation.com/en/home/publications/official-notices.html> erfolgt) oder auf andere Weise gemäß den Regeln der SIX Swiss Exchange bekannt gemacht.

Solange die Kapitalschuldverschreibungen in der offiziellen Liste der Luxemburger Börse notiert sind und solange die Regeln der Luxemburger Börse dies verlangen, werden alle die Kapitalschuldverschreibungen betreffenden Mitteilungen zusätzlich durch elektronische Publikation auf der Website der Luxemburger Börse (www.bourse.lu) bekannt gemacht. Soweit die Mitteilung den Zinssatz betrifft oder die Regeln der Luxemburger Börse dies sonst zulassen, kann die Emittentin eine Veröffentlichung nach diesem Unterabsatz durch eine Mitteilung an das Clearing System zur Weiterleitung an die Gläubiger ersetzen.

§ 15 Zusätzliches Kernkapital

Zweck der Kapitalschuldverschreibungen ist es, der Emittentin auf unbestimmte Zeit als Zusätzliches Kernkapital zu dienen.

§ 16 Anwendbares Recht und Gerichtsstand

(1) *Anwendbares Recht.* Form und Inhalt der Kapitalschuldverschreibungen sowie die Rechte und Pflichten der Gläubiger und der Emittentin bestimmen sich in jeder Hinsicht nach deutschem Recht.

(2) *Gerichtsstand.* Vorbehaltlich eines zwingenden Gerichtsstandes für besondere Rechtsstreitigkeiten im Zusammenhang mit dem SchVG, ist das Landgericht München, Bundesrepublik Deutschland nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Kapitalschuldverschreibungen entstehenden Klagen oder sonstige Verfahren ("**Rechtsstreitigkeiten**").

was given to the Clearing System. If notices are published in the Federal Gazette as well as delivered to the Clearing System for communication to the Holders, the notice which became effective first shall be controlling.

In addition, so long as the Capital Notes are listed on the SIX Swiss Exchange and so long as the rules of the SIX Swiss Exchange so require, all notices in respect of the Capital Notes shall be validly given through the Swiss Principal Paying Agent by means of electronic publication on the internet website of the SIX Swiss Exchange Ltd (where notices at the time of the issuance of the Capital Notes are published under <https://www.six-exchange-regulation.com/en/home/publications/official-notices.html>) or otherwise in accordance with the regulations of the SIX Swiss Exchange.

In addition, so long as the Capital Notes are listed on the official list of the Luxembourg Stock Exchange and so long as the rules of the Luxembourg Stock Exchange so require, all notices in respect of the Capital Notes will be made by means of electronic publication on the website of the Luxembourg Stock Exchange (www.bourse.lu). In the case of notices regarding the Rate of Interest or, if the rules of the Luxembourg Stock Exchange otherwise so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Holders in lieu of publication as set forth in this subparagraph.

§ 15 Additional Tier 1 Capital

The Capital Notes are intended to furnish the Issuer with Additional Tier 1 Capital for an indefinite period of time.

§ 16 Applicable Law and Place of Jurisdiction

(1) *Applicable Law.* The Capital Notes, as to form and content, and all rights and obligations of the Holders and the Issuer shall be governed by German law.

(2) *Place of Jurisdiction.* Subject to any mandatory jurisdiction for specific proceedings under the SchVG, the Regional Court (*Landgericht*) of Munich, Federal Republic of Germany, shall have non-exclusive jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Capital Notes.

(3) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Kapitalschuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Kapitalschuldverschreibungen im eigenen Namen auf der folgenden Grundlage zu schützen oder geltend zu machen: (i) indem er eine Bescheinigung der Depotbank beibringt, bei der er für die Kapitalschuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Kapitalschuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; und (ii) indem er eine Kopie der die betreffenden Kapitalschuldverschreibungen verbriefenden Globalurkunde vorlegt, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Kapitalschuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Kapitalschuldverschreibungen unterhält, einschließlich des Clearing Systems. Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den Kapitalschuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land der Rechtsstreitigkeit prozessual zulässig ist.

§ 17 Sprache

Diese Anleihebedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigefügt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.

(3) *Enforcement.* Any Holder of Capital Notes may in any Proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in his own name his rights arising under such Capital Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Capital Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Capital Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the Global Note representing such Capital Notes certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such Proceedings of the actual records or the Global Note representing such Capital Notes. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Capital Notes and includes the Clearing System. Each Holder of Capital Notes may, without prejudice to the foregoing, protect or enforce its rights under the Capital Notes also in any other way which is admitted in the country of the Proceedings.

§ 17 Language

These Terms and Conditions are written in the German language and provided with an English language translation. The German text shall be binding and controlling. The English language translation is provided for convenience only.

INTEREST PAYMENTS AND AVAILABLE DISTRIBUTABLE ITEMS OF THE ISSUER; DISTRIBUTION RESTRICTIONS; POTENTIAL WRITE-DOWN AND COMMON EQUITY TIER 1 CAPITAL RATIO OF THE ISSUER

1. Interest Payments and Available Distributable Items of the Issuer

Pursuant to § 5 (1) of the Terms and Conditions, Interest Payments in respect of the Capital Notes are entirely discretionary (i.e. Interest Payments will not accrue if the Issuer has elected, at its sole discretion, to cancel payment of interest (non-cumulative), in whole or in part, on any Interest Payment Date) and subject to the fulfilment of certain conditions. Interest Payments in following years will neither increase to compensate for any cancellation of Interest Payment at the discretion of the Issuer in any previous year nor for any compulsory cancellation of Interest Payments described below.

Pursuant to § 5 (2) (i) to (v) of the Terms and Conditions (and irrespective of an additional discretionary cancellation of Interest Payments pursuant to § 5 (1) of the Terms and Conditions), Interest Payments will not accrue, in whole or in part, on any Interest Payment Date:

- (i) to the extent that such payment of interest together with
 - (A) the amount of a write-up, if any, in accordance with § 8(2) of the Terms and Conditions to be effected as of the relevant Interest Payment Date;
 - (B) any additional Distributions that are scheduled to be made or have been made on the same day or that have been made by the Issuer on other Tier 1 Instruments in the then current financial year of the Issuer
 - (C) the total amount of write-ups, if any, on any other Additional Tier 1 Instruments to be effected as of the relevant Interest Payment Date or that have been effected in the then current financial year of the Issuer,would exceed the Available Distributable Items, provided that, for such purpose, the Available Distributable Items shall be increased by an amount equal to what has been accounted for as expenses for Distributions in respect of Tier 1 Instruments (including payments of interest on the Capital Notes) in the determination of the annual net income (*Jahresüberschuss*) on which the Available Distributable Items are based; or
- (ii) if and to the extent that a competent supervisory authority orders that all or part of the relevant payment of interest be cancelled; or
- (iii) if and to the extent that another prohibition of Distributions is imposed by law or an authority or any other restriction to make Distributions exists under the Applicable Supervisory Regulations; or
- (iv) if the Issuer is over-indebted within the meaning of Section 19 InsO or illiquid within the meaning of Section 17 InsO or there is an imminent illiquidity of the Issuer within the meaning of Section 18 InsO on the relevant Interest Payment Date, or to the extent that the relevant payment of interest would result in an overindebtedness of the Issuer within the meaning of Section 19 InsO or in an illiquidity of the Issuer within the meaning of Section 17 InsO or in an imminent illiquidity of the Issuer within the meaning of Section 18 InsO.

In this context, investors are advised to read "*Risk Factors – Risk factors material and specific to the Capital Notes – Interest Payments may be cancelled for regulatory reasons and thus not be payable.*" as well as the information contained below under "*—3. Potential Write-down and Common Equity Tier 1 Capital Ratio of the Issuer*".

In order to determine whether the Issuer will be permitted, pursuant to (i) above, to make an Interest Payment on the Capital Notes on any Interest Payment Date, the Issuer will first determine the Available Distributable Items in accordance with the Terms and Conditions by determining:

- the annual net income (*Jahresüberschuss*) as of the end of the financial year of the Issuer immediately preceding the relevant Interest Payment Date on the basis of the relevant unconsolidated financial statements of the Issuer for the financial year of the Issuer immediately preceding the relevant Interest Payment Date for which audited annual financial statements are available;

- plus, as applicable, any profits brought forward (*vorgetragene Gewinne*) and reserves available for that purpose before Distributions to holders of own funds instruments on the basis of the unconsolidated financial statements of the Issuer for the financial year of the Issuer immediately preceding the relevant Interest Payment Date for which audited annual financial statements are available
- minus, as applicable, any losses carried forward and any profits which are non-distributable pursuant to the applicable laws of the European Union or the Federal Republic of Germany or the articles of association of the Issuer and any amounts allocated to the non-distributable reserves (in each case with respect to Additional Tier 1 Instruments in case the applicable laws of the European Union or the Federal Republic of Germany or the articles of association of the Issuer, in each case with respect to the specific category of own funds of the Capital Notes as Additional Tier 1 Instruments to which the applicable laws of the European Union or the Federal Republic of Germany or the articles of association of the Issuer relate), each as determined on the basis of the unconsolidated annual financial statements (*Jahresabschluss*) of the Issuer for the financial year of the Issuer immediately preceding the relevant Interest Payment Date for which audited annual financial statements are available.

The table below sets forth, for the fiscal years ended 31 December 2021 and 2020, the items derived from the Issuer's audited unconsolidated financial statements for the fiscal years 2021 and 2020 (unless marked with an *; figures marked with an * are unaudited figures for information purposes only) that affect the calculation of the Issuer's Available Distributable Items. Investors should be aware that the figures set out in the following table cannot be used as an indication for the future development of the Available Distributable Items of the Issuer.

	Fiscal Year ended	
	31 December 2021	31 December 2020
	in EUR million	
Distributable Profit (<i>Bilanzgewinn</i>)	67.1	46.7
Distributable Profit has been calculated as follows:		
• Net income (<i>Jahresüberschuss</i>)	59.1	37.7
• plus profit carried forward from the previous year (<i>Gewinnvortrag aus dem Vorjahr</i>)	33.0	24.0
• minus attribution to retained earnings (<i>Einstellung in Gewinnrücklagen des Berichtsjahres</i>)	25.0	15.0
other retained earnings after attribution from net income (<i>andere Gewinnrücklagen nach Dotierung</i>)	6.0	6.0
• minus distribution blocked	2.4	3.2
legal reserves pursuant to the German law on Cooperative Associations in connection with § 38 of the Issuer's Articles of Association (<i>gesetzliche Rücklage gemäß Genossenschaftsgesetz i.V.m. § 38 der Satzung</i>)¹	366.0	341.0
= Available Distributable Items*	436.7	390.5

¹ The Issuer takes the view that the legal reserves pursuant to the German law on Cooperative Associations in connection with § 38 of the Issuer's Articles of Association constitutes an eligible distributable item under the revised Article 4(1)(128) CRR under the CRR II framework.

In order to determine the amount referred to in § 5 (2)(i) of the Terms and Conditions as being available to cover Interest Payments on the Capital Notes and Distributions on other Tier 1 Instruments, the Issuer will, after determining the amount of Available Distributable Items, increase such amount by an amount equal to what has been accounted for as deduction for Distributions in respect of Tier 1 Instruments (i.e. capital instruments which, according to CRR, qualify as Common Equity Tier 1 capital or Additional Tier 1 capital, which will include the Capital Notes).

It will then, in a sequential order, count against such sum every gross payment on the other Tier 1 Instruments in order to determine, whether by the time the Issuer intends to make an Interest Payment in respect of the Capital Notes, such Interest Payment is covered by the then remaining amount.

2. Distribution restrictions

Without prejudice to a cancellation of Interest Payments due to insufficient Available Distributable Items or the exercise of discretion by the Issuer to that effect, Interest Payments will also be excluded if (and to the extent) the competent supervisory authority instructs the Issuer to cancel an Interest Payment or such Interest Payment is prohibited by law or administrative order on any Interest Payment Date (see § 5(2)(ii) and (iii) of the Terms and Conditions).

Prohibitions of Distributions imposed by law or an authority include, but are not limited to, restrictions of Distributions as a result of non-compliance with the combined buffer requirement under Section 10i KWG and the limit resulting from the maximum distributable amount (Maximum Distributable Amount (MDA)) and, from the time of its applicability and to the extent Distributions are limited by the competent supervisory authority of the Issuer, the limit resulting from the M-MDA (see § 5(2)(v) of the Terms and Conditions). In addition, it cannot be ruled out that Interest Payments or write-ups will be restricted or prohibited by the competent supervisory authority before the Issuer fails to meet the established minimum thresholds.

In addition to the minimum capital requirements (and the additional requirements under Section 10(3) or (4) KWG or Section 45b(1) sentence 2 KWG, if applicable) capital buffer requirements apply that are required to be met with Common Equity Tier 1 capital. The respective capital buffers include (i) the capital conservation buffer (as transposed into German law by Section 10c KWG), (ii) the institution-specific countercyclical buffer (as transposed into German law by Section 10d KWG), (iii) the systemic risk buffer (as transposed into German law by Section 10e KWG) and, if applicable, either the global systemically important institutions (G-SII) buffer (as transposed into German law by Section 10f KWG) or the other systemically important institutions (O-SII) buffer (as transposed into German law by Section 10g KWG). While the capital conservation buffer is in any case applicable to the Issuer, the applicability of all other capital buffers and their level depends on an administrative order of the competent authorities. As of the date of this Prospectus, the Issuer is neither classified as other systemically important institution (O-SII) nor as global systemically important institution (G-SII) by the competent authority and therefore not subject to the buffer requirements set out in Sections 10f and 10g KWG.

Finally, the Banking Reform Package defined in more detail the requirements under the BRRD and the SRM Regulation for the *Minimum Requirement for Own Funds and Eligible Liabilities* (MREL), and implements the so-called *Total Loss-Absorbing Capacity* (TLAC) in European law. According to Article 16a BRRD, as transposed into German law by Section 58a SAG, the resolution authority has, under certain circumstances, the power to prohibit an institution from distributing more than the maximum distributable amount related to the minimum requirement for own funds and eligible liabilities (M-MDA). This applies if the institution meets the combined buffer requirement set out in Article 128(6) CRD, as transposed into German law by Section 10i KWG, but fails to meet the combined buffer requirements when also taking into account the MREL under the BRRD. In this situation an institution shall notify the competent authority. Pursuant to Article 16a(3) BRRD, as transposed into German law by Section 58a(3) SAG, the resolution authority shall, as a general rule, exercise the power to prohibit the relevant distributions if the institution is still in this situation nine months after it has been notified, unless any exceptions as defined in more detail by law are applicable. Under Article 10a(3) SRM Regulation the Single Resolution Board (SRB) has the same powers.

The following tables show the key regulatory ratios of the Issuer and the capital buffer requirements applicable to the Issuer as of 31 December 2021 and 31 December 2020. Potential investors should note that the historical data presented should not be used as an indicator of a potential future development of the relevant items or requirements. In particular, the competent supervisory authority may order at any time additional or stricter own fund requirements.

Regulatory Capital of MünchenerHyp		
<i>(in EUR million)</i>	31 December 2021	31 December 2020
Common Equity Tier 1 capital	1,626.05	1,516.98
Additional Tier 1 capital	121.00	115.72
Tier 1 capital	1,747.05	1,632.70
Tier 2 capital	43.08	43.71
Total own funds	1,790.13	1,676.41

Regulatory Capital Ratios of MünchenerHyp		
	31 December 2021	31 December 2020
Common Equity Tier 1 capital ratio <i>(Harte Kernkapitalquote)</i>	20.39%	20.64%
Tier 1 capital ratio <i>(Kernkapitalquote)</i>	21.91%	22.21%
Total capital ratio <i>(Gesamtkennziffer)</i>	22.45%	22.81%
Minimum CET1 requirement (Article 92(1)(a) CRR)	4.50%	4.50%
Combined buffer requirement	2.54%	2.52%
Capital conservation buffer	2.50%	2.50%
Countercyclical buffer	0.04%	0.02%
Maximum of	-	-
G-SII buffer	-	-
O-SII buffer	-	-
Systemic risk buffer	-	-
Pillar 2 Requirement (Section 6c KWG)	1.75%	-
To be met with Common Equity Tier 1 capital	0.98%	-
To be met with Tier 1 capital	0.33%	-
To be met with Tier 2 capital	0.44%	-

Regulatory Capital Ratios of MünchenerHyp		
Issuer's minimum Common Equity Tier 1 capital requirement	8.02%	7.02%
Common Equity Tier 1 capital available for the combined buffer requirement and the Pillar 2 Requirement	15.89%	16.14%
Total risk exposure (in EUR million)	7,975.3	7,349.60

As of the date of this Prospectus, the minimum capital requirements to be met by the Issuer consist of the own funds requirements specified in Article 92(1)(a) to (c) CRR, the combined buffer requirement as defined in Section 10i KWG (together the "**Pillar 1 Requirements**") and the additional capital requirements imposed on the Issuer in accordance with Section 6c KWG on the basis of the findings made during the annual supervisory review and evaluation process (SREP) ("**Pillar 2 Requirement**" or "**P2R**"). While the combined buffer requirement is to be met with Common Equity Tier 1 capital, the Pillar 2 Requirement may be met with other own funds as well, provided that at least three quarters of the Pillar 2 Requirement are met with Tier 1 capital and that at least three quarters of such Tier 1 capital consists of Common Equity Tier 1 capital.

On 24 January 2022, the Issuer was informed by the ECB of its decision regarding the Issuer's minimum capital requirements for 2022 that applied from 1 January 2022 onwards, reflecting the results of the 2021 SREP. The decision requires the Issuer to fulfil a Pillar 2 Requirement of 1.75 per cent, which has to be met with at least 0.98 per cent Common Equity Tier 1 capital, 0.33 per cent Additional Tier 1 capital and 0.44 per cent Tier 2 capital.

Further, on 24 January 2022, the ECB communicated to the Issuer its guidance on additional own funds (Pillar 2 Guidance or P2G). This Pillar 2 Guidance is also derived from the results of the 2021 SREP but, unlike the mandatory minimum capital requirements, it has no impact on Distributions. Failure to comply with the Pillar 2 Guidance does not constitute a breach of regulatory capital requirements. Nevertheless, this figure is relevant as an early warning indicator for capital planning.

On 19 November 2021, the Single Resolution Board (SRB) determined the minimum requirement for own funds and eligible liabilities (MREL) that the Issuer is required to apply from 1 January 2022 by specifying a binding MREL ratio at 9.5 per cent of the Issuer's total risk exposure amount (TREA) and 3.0 per cent of the Issuer's leverage ratio exposure ("**LRE**").

The following table contains an overview of the capital buffer requirements applying to MünchenerHyp as of the date of this Prospectus.

Buffer	Rate	Legal basis	Review frequency	Possible level of application	Relevance for MünchenerHyp
Capital conservation buffer	2.50%	Section 10c KWG	Not relevant	Solo level Subgroup level Consolidated level	Applicable
Countercyclical buffer	0.04%	Section 10d KWG	Quarterly	Solo level Subgroup level Consolidated level	Applicable With effect from 1 February 2022, BaFin set the domestic countercyclical buffer (which is part of the institution-specific countercyclical capital buffer within the meaning of

Buffer	Rate	Legal basis	Review frequency	Possible level of application	Relevance for MünchenerHyp
					Section 10d KWG) by general administrative act (<i>Allgemeinverfügung</i>) of 31 January 2022 to 0.75%
G-SII buffer	0%	Section 10f KWG	At least annually	Consolidated level	Not applicable
O-SII buffer	0%	Section 10g KWG	At least annually	Solo level Subgroup level Consolidated level	Not applicable
Systemic risk buffer	0%	Section 10e KWG and Section 36 a SolvV	At least every two years	Solo level Subgroup level Consolidated level	Applicable The BaFin announced on 12 January 2022, that it intends to order a capital buffer for systemic risks in the amount of 2 per cent pursuant to Sections 10e(1) to (3) and (7) KWG. The capital buffer is to apply to all sector-specific risk positions of the retail business <i>vis-à-vis</i> natural persons located in Germany as well as to all sector-specific risk positions <i>vis-à-vis</i> legal persons located in Germany, each of which is secured by real estate liens on residential property.

3. Potential Write-down and Common Equity Tier 1 Capital Ratio

Pursuant to the Terms and Conditions, upon the occurrence of a Trigger Event, the principal amount of the Capital Notes shall be automatically reduced by the amount of the relevant write-down. If and as long as the principal amount of the Capital Notes is below their initial principal amount, any repayment upon redemption of the Capital Notes will be at the reduced principal amount of the Capital Notes and, in case of a redemption at the option of the Issuer pursuant to § 7(4) of the Terms and Conditions, will only be possible if the Holders, by way of majority resolution, consent to a redemption at the reduced principal amount. In addition, following the write-down, any Interest Payment will be calculated on the basis of the reduced principal amount of the Capital Notes.

As of the date of this Prospectus, MünchenerHyp is obliged by law or administrative order to comply with the minimum own funds requirements of CRR/CRD exclusively at the level of MünchenerHyp (solo basis). As long as this is the case, a Trigger Event will have occurred if at any time the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) CRR determined on a solo basis falls below 7 per cent.

As of 31 December 2021, the Common Equity Tier 1 Capital Ratio determined on a solo basis amounted to 20.39 per cent. (31 December 2020: 20.64 per cent.). Potential investors should note that the presented historical data should not be used as a guide to the future development of the relevant ratio.

GENERAL INFORMATION ABOUT THE ISSUER

STATUTORY AUDITORS

The auditor of MünchenerHyp for the financial years ended 31 December 2021 and 31 December 2020 was DGRV – Deutscher Genossenschafts- und Raiffeisenverband e.V., Linkstraße 12, 10785 Berlin, Federal Republic of Germany.

The auditor is an extraordinary member of the Institute of Public Auditors in Germany, Incorporated Association (*Institut der Wirtschaftsprüfer in Deutschland e.V.*).

INFORMATION ABOUT MÜNCHENERHYP

History and Development

Legal and Commercial Name

The legal and commercial name of the Issuer is Münchener Hypothekenbank eG.

Purpose and Object of MünchenerHyp

In accordance with section 2 of the Articles of Association, MünchenerHyp's purpose is to support and promote the commercial interests of its members. The object of MünchenerHyp is the handling of all permissible transactions in accordance with the terms of the German Pfandbrief Act (*Pfandbriefgesetz – "PfandBG"*) and the German Banking Act (*Gesetz über das Kreditwesen – KWG*). The business may be extended to non-members. MünchenerHyp may establish subsidiary offices and hold stakes in companies.

Place of Registration, Registration Number, Legal Entity Identifier ("LEI")

MünchenerHyp is registered with the Register of Cooperatives (*Genossenschaftsregister*) of the local court (*Amtsgericht*) in Munich since 2 December 1896; Federal Republic of Germany, under registration number GnR 396. The LEI is 529900GM944JT8YIRL63.

Date of Incorporation

MünchenerHyp was incorporated on 9 December 1896 in Munich under the name of Bayerische Landwirtschaftsbank in the form of a registered cooperative with limited liability ("*eGmbH*"). Since 1971, MünchenerHyp does business under the name of Münchener Hypothekenbank eG.

Domicile and Legal Form, Country of Incorporation, Legislation,

MünchenerHyp is a registered cooperative (*eingetragene Genossenschaft*) governed by the provisions of German law with domicile in Munich, Federal Republic of Germany. MünchenerHyp is authorised to conduct business and to provide services subject to the requirements under the PfandBG and the KWG.

Address, Telephone Number, Fax, Email, Website

MünchenerHyp's head office is located at Karl-Scharnagl-Ring 10, 80539 Munich, Federal Republic of Germany (Telephone: +49 (89) 5387-0 / Fax: +49 (89) 5387-770 / Email: info@muenchenerhyp.de / Website: www.muenchenerhyp.de²).

Description of the Liquidity

In addition to internal management tools, the Bank's short-term liquidity risk is limited by Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU)

² The information on MünchenerHyp's website does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus.

No. 648/2012 ("**CRR**"). MünchenerHyp is required to maintain a liquidity coverage ratio ("**LCR**") of above 100 per cent. The LCR is defined as the ratio of available highly liquid assets to net cash outflows over the next 30 days, subject to defined stress conditions. MünchenerHyp complied with this requirement at all times during the financial year 2021.

Liquidity coverage ratios of MünchenerHyp as per CRR

	31 Dec 2021	30 Sept 2021	30 June 2021	31 Mar 2021	31 Dec 2020
in per cent					
LCR (month-end)	1,138.5	409.8	421.2	210.2	563.4

To secure its day-to-day liquidity, the Bank's liquidity management function has a portfolio of qualifying securities for central bank repurchase operations at its disposal that it can sell at short notice or deposit as security for refinancing transactions with central banks.

The Bank has a low risk of unplanned liquidity outflows, due to the fact that MünchenerHyp does not offer variable lines of credit to its customers.

Furthermore – should there be appropriate cover in the cover funds for Public Pfandbriefe (*Öffentliche Pfandbriefe*) – this can also be used as security of government credit portfolios for "Repo" business with the European Central Bank (ECB).

There are no recent events particular to MünchenerHyp's business activities which are to a material extent relevant to the evaluation of MünchenerHyp's solvency.

Issuer Credit Ratings

MünchenerHyp is rated by Moody's Deutschland GmbH ("**Moody's**")³.

As at the date of approval of this Prospectus, the ratings⁴ assigned to MünchenerHyp by Moody's were as follows:

- **Moody's:** long-term rating: **Aa3 (stable outlook)**
short-term rating: **P-1**;

Definitions:

Aa: Obligations rated 'Aa' are judged to be of high quality and are subject to very low credit risk.

Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

P-1: Ratings of Prime-1 reflect a superior ability to repay short-term obligations.

Refinancing

The refinancing business of the Bank is carried out primarily through the issuance of Pfandbriefe (Mortgage Pfandbriefe (*Hypothekendarlehen*) and Public Pfandbriefe (*Öffentliche Pfandbriefe*)). Unsecured and preferred senior notes, unsecured and non-preferred senior notes as well

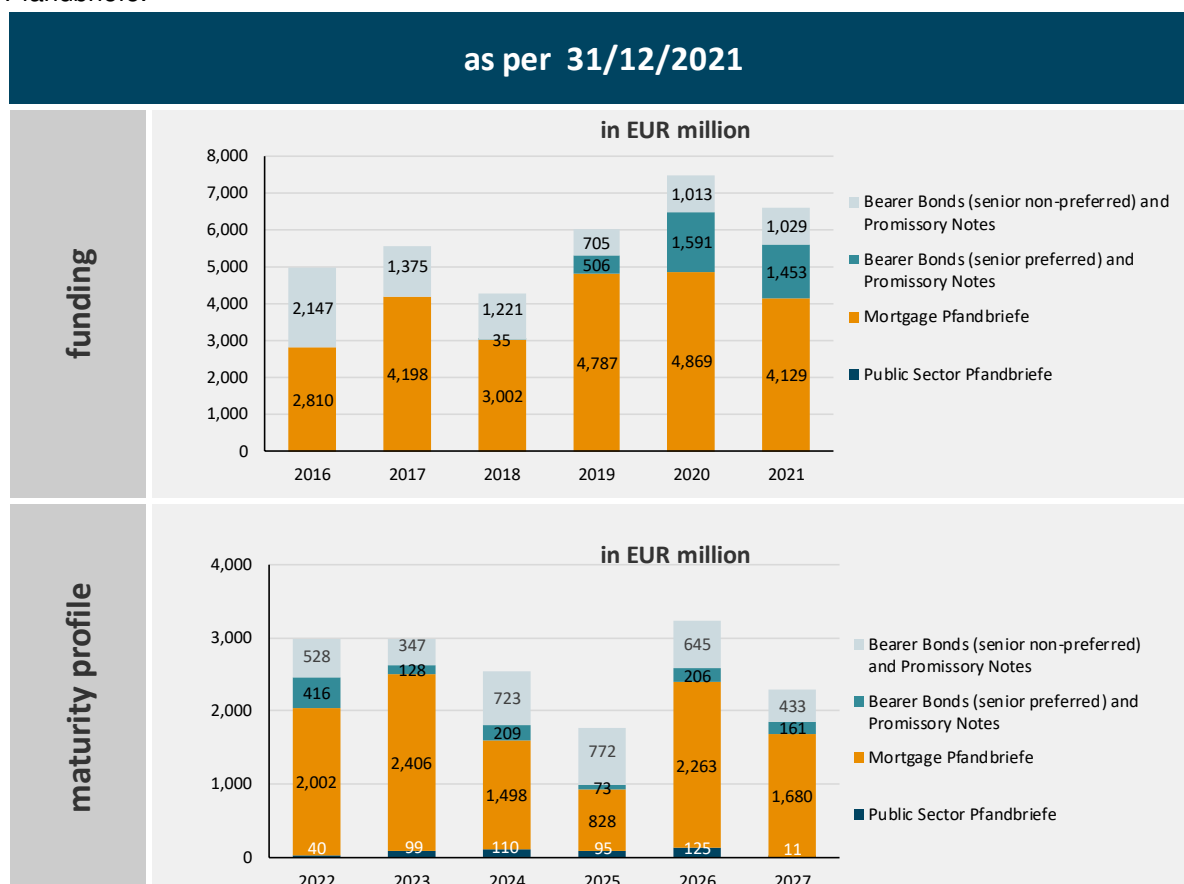
³ Moody's is established in the European Union and registered since 31 October 2011 under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended, (the "**CRA Regulation**"). Moody's is included in the "List of registered and certified CRA's" published by the European Securities and Markets Authority on its website (www.esma.europa.eu) in accordance with the CRA Regulation.

⁴ The current ratings may be obtained from MünchenerHyp's website: www.muenchenerhyp.de. A rating is not a recommendation to buy, sell or hold Capital Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of the rating assigned to MünchenerHyp may adversely affect the market price of the Capital Notes.

as Commercial Paper are also issued by the Bank.

The Bank tries to achieve a liquidity matching financing of its assets. The good standing of the Bank should at all times be preserved. The relation of opportunistic small sized private placements and strategic high volume benchmark issues should be balanced.

The total volume of issues placed in the capital markets during the financial year 2021 amounted to EUR 6.6 billion (2020: EUR 7.5 billion), of which Mortgage Pfandbriefe accounted for EUR 4.1 billion (2020: EUR 4.9 billion) in covered refinancing, while unsecured refinancing accounted for EUR 2.5 billion (2020: EUR 2.6 billion). During the financial year 2021 MünchenerHyp did not issue any Public Pfandbriefe.



Business Overview

Principal Activities

Private Property Financing Sector

In the area of private property finance MünchenerHyp is a member of the Volksbanken Raiffeisenbanken cooperative financial network ("**cooperative financial network**") and thereby a partner of around 810 cooperative banks. Due to the immense sales strength of the cooperative partner banks with around 8,590 branches distributed throughout the Federal Republic of Germany, MünchenerHyp is locally present in every region of the country.

MünchenerHyp maintains 11 regional offices throughout the Federal Republic of Germany staffed with experts to support the ongoing business relationships with the Volksbanken and Raiffeisenbanken. MünchenerHyp conducts its private property financing business via the cooperative financial network, the Volksbanken and Raiffeisenbanken and the regional offices, which serve as lending partners to the local banks within the cooperative financial network.

Home Building Industry

In providing financing for housing cooperatives and other housing construction companies MünchenerHyp collaborates both with the local cooperative banks and with specialised national

partners. The business strategy is to focus on the financing of properties in good locations with secure profitability for the long term.

Commercial Property Financing Business

MünchenerHyp engages in commercial property financing

- as an intermediary business with the Volksbanken and Raiffeisenbanken, which procure mortgage loans for MünchenerHyp, and
- as large-volume financing, in the Federal Republic of Germany and in Western Europe, with emphasis of the United Kingdom and France as a direct business activity and as syndicated business, which MünchenerHyp acquires through its own sales activities.

MünchenerHyp continues its risk-conscious business policy, *i.e.*, making top tier loans with moderate loan-to-value ratios.

Syndicated Business in the Federal Republic of Germany and Abroad

In the syndicated business area MünchenerHyp participates in property financing offered to it by partner banks in the Federal Republic of Germany and abroad. MünchenerHyp thus gains access to customers and markets, which MünchenerHyp cannot acquire directly. The business strategy and target markets are identical with those in the direct acquisition business.

Public Sector Lending and Municipal Loans

MünchenerHyp does not view lending to public-sector borrowers and banks as its core business. The portfolio of loans serves as a tool to manage the pools of coverage and liquidity as well as a means to achieve selected, situational and risk-oriented returns.

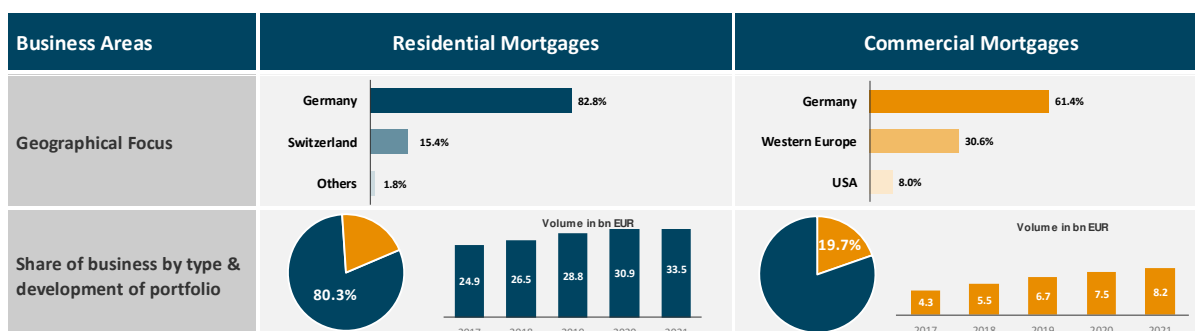
MünchenerHyp's municipal lending business serves as a support function *vis-à-vis* the cooperative financial network and for this reason is included in the MünchenerHyp's range of products. The municipal lending business is, however, not actively pursued.

The goal is to continue the capital-preserving investment strategy.

Principal Markets

MünchenerHyp is particularly focused on the German market. Around 82 per cent of new mortgage lending business in the financial year 2021 was generated in the Federal Republic of Germany. The domestic direct commercial business activities of MünchenerHyp are managed centrally from the main office in Munich, which is supplemented by sales offices in Frankfurt am Main, Cologne, Hamburg and Berlin. The financing concentrates on commercial property in good locations with a variety of uses and chiefly comprises office buildings, multi-family-residential buildings, retail property, shopping centres, hotels and logistics properties. MünchenerHyp is represented internationally in the strategically important global markets by an international acquisition and credit risk department at MünchenerHyp's head office.

MünchenerHyp has been able to successfully expand the direct commercial business in recent years and gain market share, with direct business activities in Western Europe and consortium activities in Western Europe and in the United States of America. MünchenerHyp primarily participates in first-ranking loan tranches with low loan to value ratios. As of 31 December 2021, the geographical focus of MünchenerHyp for its residential mortgages business and its commercial mortgages business is as follows:



With regard to mortgage lending, MünchenerHyp's loan portfolio as of 31 December 2021 amounted to EUR 41.66 billion, comprising 221,810 individual loans with an average loan size of about EUR 152,000 for residential properties and EUR 6,900,000 for commercial properties. The average loan-to-value ratio amounted to 64.1% (residential buildings) and 85.7% (commercial buildings). The geographic split is as follows:

- 46.0% Bavaria, Baden-Württemberg, Hesse and North Rhine-Westphalia
- 27.3% other German States
- 5.2% Berlin
- 12.4% Switzerland
- 9.1% non-domestic

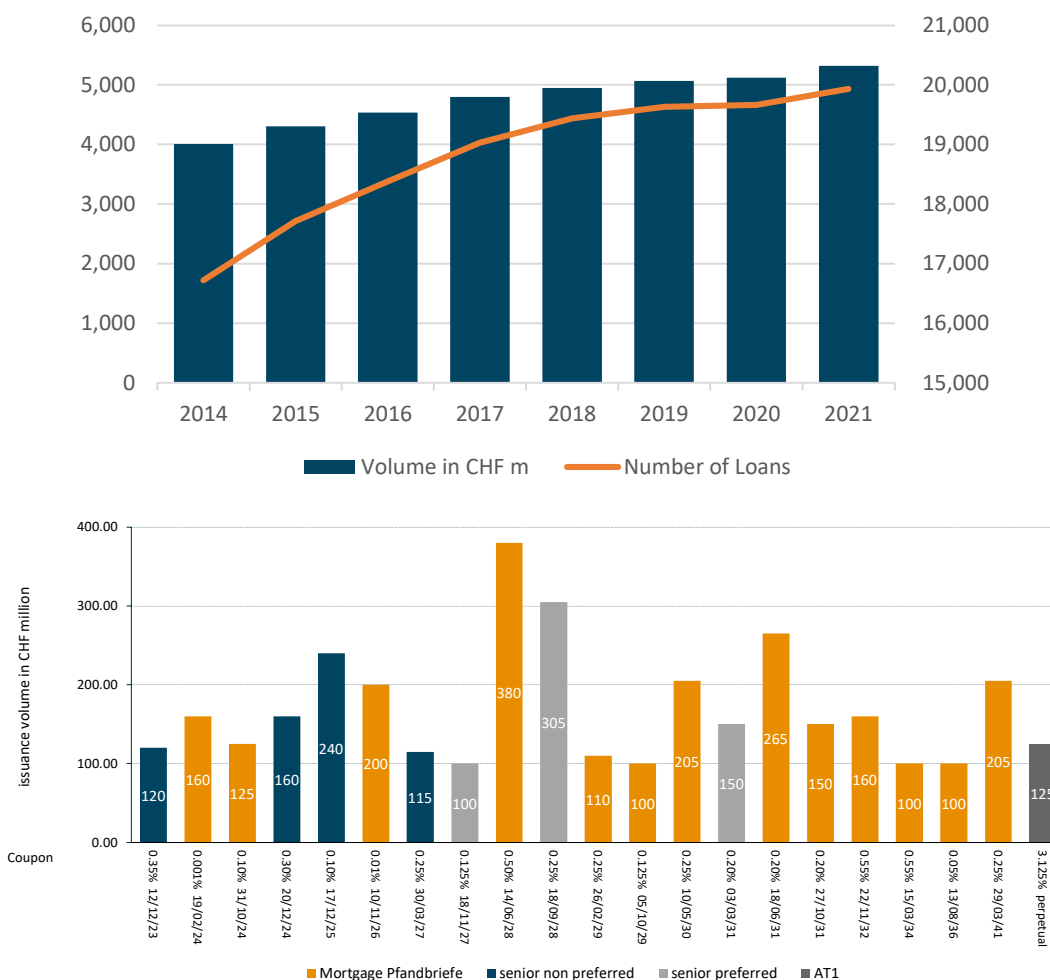
mortgage loan portfolio as per 31/12/2021			
LTV	L-t.-sust.-value ratio ^{*)}	EUR millions	% % cumulative
	Up to 60%	16,462	39.51%
	Over 60 to 70%	6,358	54.77%
	Over 70 to 80%	7,266	72.21%
	Over 80 to 90%	3,824	81.39%
	Over 90 to 100%	3,265	89.23%
	Over 100%	4,486	100.00%
	Without	1	100.00%
Total	41,662	100.00%	

^{*)} The terms of the German Pfandbrief Act (PfandBG) define the sustainable value of property as, being generally 10-15% below the open market value of the property.

With regard to MünchenerHyp's mortgage lending business and funding in Switzerland, MünchenerHyp's loan portfolio as of 31 December 2021 amounted to CHF 5.3 billion, comprising 19,934 individual loans. The underlying property was 100% residential properties and the average loan size amounted to about CHF 266,700. As of 31 December 2021, MünchenerHyp's funding with regard to its business in Switzerland was as follows:

- 13 outstanding Benchmark-Pfandbriefe in the amount of CHF 2,260 million
- 3 outstanding senior preferred bonds in the amount of CHF 555 million
- 4 outstanding senior non preferred bonds in the amount of CHF 635 million
- several privat placements in the amount of CHF 1,045 million
- 1 outstanding series of Additional Tier 1 capital notes in the amount of CHF 125 million

CHF loans



Organisational Structure

Description of the Group

MünchenerHyp is an independent company.

MünchenerHyp is the parent company of four subsidiaries: M-Wert GmbH, Immobilienservice GmbH der Münchener Hypothekenbank eG ("**M-Service-GmbH**"), Nußbaumstraße GmbH & Co. KG and M-4tec GmbH.

The capital of these companies is fully owned by MünchenerHyp.

M-Wert GmbH's core business is to prepare market and current value appraisals of all categories of properties and to determine lending values under Section 16 of the Pfandbrief Act (*Pfandbriefgesetz*). In addition, M-Wert GmbH is also active in evaluating building plans and project developments, property reviews, documenting construction progress, examining external appraisals and providing expert advice during compulsory measures.

M-Service GmbH supports the Bank's workout-management and property management departments.

Nußbaumstraße GmbH & Co. KG owns a mixed used residential and commercial property in Munich. This property is rented.

M-4tec GmbH's core business is to provide IT services as well as services in connection with the operation of an online platform, in particular for financial institutions.

Due to the subordinated significance of the subsidiaries for property, finance and net earnings position, the Bank has decided to dispense with the compilation of consolidated group financial statements in accordance with Section 296 (2) of the Commercial Code (*Handelsgesetzbuch* – "HGB").

Trend Information

MünchenerHyp's long-term strategic objective is to generate organic growth in its core business in order to sustainably bolster the Bank's profitability.

Despite the progress in vaccinations to counter the coronavirus or COVID-19 and the easing of social distancing policies and the recovery trends resulting therefrom, taking into account possible further more dangerous mutations of the coronavirus, it may not be possible to rule out negative effects on the global economy and financial markets. Furthermore, the inflation rates increasing since mid-2021 pose a risk to the global economy and may result in central banks pursuing a more restrictive money policy, with possibly negative effects on the financial markets and higher rates of interest with respect to real estate financing. However, it cannot be assessed at present at what specific point in time and to what extent e.g. the ECB will implement a more restrictive money policy, especially in the form of an increase in the interest rates.

Due to the Russia-Ukraine conflict persisting since 24 February 2022 – MünchenerHyp does not have any commitment in these countries – a negative impact on the global economy and financial markets cannot be ruled out. However, the actual impact of the Russia-Ukraine conflict and/or the economic sanctions against Russia and the Russian countermeasures on the business activities of MünchenerHyp can not yet be specifically assessed as at the date of this Prospectus.

The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – BaFin) has ordered a sectoral systemic risk buffer of 2.00 percent for risk positions of loans collateralised by residential real estate from 1 April 2022 onward in order to strengthen the resilience of the German banking sector. Furthermore, in its general ruling dated 31 January 2022, BaFin set a domestic countercyclical capital buffer of 0.75 percent, valid as from 1 February 2023. As at the date of this Prospectus, it is not possible to reliably estimate how the introduction of the aforementioned buffer by BaFin in Germany will affect prices and demand for properties and, thus, MünchenerHyp's growth strategy.

These developments and trends as a result of the COVID-19 pandemic, the increased inflation rates and the Russia-Ukraine conflict may have an impact on MünchenerHyp's growth trend in the short to medium-term. But it cannot yet be conclusively assessed how far-reaching and how sustainable these impairments will turn out. It is therefore not possible to rule out changes compared with the information contained in the published financial statements for the financial year ended 31 December 2021 of MünchenerHyp.

Apart from these developments:

- there has been no material adverse change in the prospects of MünchenerHyp since 31 December 2021 (the date of the last published audited annual financial statements);
- there has been no significant change in the financial performance (*Finanz- und Ertragslage*) of MünchenerHyp and its subsidiaries since the end of the last financial year (31 December 2021) for which audited annual financial statements have been published to the date of this Prospectus; and
- there has been no significant change in the financial position (*Finanzlage*) of MünchenerHyp and its subsidiaries since 31 December 2021 (the date of the last published audited annual financial statements).

Administrative, Management and Supervisory Bodies

MünchenerHyp's competent bodies are the Board of Management, the Supervisory Board and the Delegates Meeting (*Vertreterversammlung*).

Board of Management

In accordance with section 18 of MünchenerHyp's Articles of Association, the Board of Management consists of at least two members. The members of the Board of Management are appointed or dismissed by the Supervisory Board. The Supervisory Board can appoint a chairman or spokesman of the Board of Management.

In accordance with section 15 of MünchenerHyp's Articles of Association, MünchenerHyp is legally represented by two members of the Board of Management or by one member of the Board of Management together with an authorised signatory (*Prokurist*).

As at the date of approval of this Prospectus, the Board of Management consists of the following persons:

Name	Responsibilities within MünchenerHyp eG	Principal activities outside of MünchenerHyp eG
Dr. Louis Hagen Chairman of the Board of Management	By division: Treasury, Private Customers, Private Housing Business, Brokers, Commercial Real Estate Finance, International Debt Investments, Central Services, Legal, Internal Audit, M-Service GmbH	KfW, Frankfurt am Main - <i>Member of the Board of Supervisory Directors</i>
Dr. Holger Horn Deputy Chairman of the Board of Management	By division: Transaction Management Private Customers, Transaction Management Property Finance, Transaction Management Capital Markets and Treasury, Workout Management, Risk Controlling/Regulation, M-Wert GmbH	FMS Wertmanagement AöR - <i>Member of the Board of Supervisory Directors</i>
Ulrich Scheer Member of the Board of Management	By division: IT, Business Process Optimisation, Accounting, Taxes, Compliance	-
Markus Wirsén Member of the Board of Management	-	-

Supervisory Board

In accordance with section 24 of MünchenerHyp's Articles of Association, the Supervisory Board consists of at least six members, who are elected by the Delegates Meeting. In the event that the One-Third Participation Act (*Drittelbeteiligungsgesetz*) applies, the number must be divisible by three. Two-thirds of the members of the Supervisory Board will be elected by the Delegates Meeting (and serve as the members' representatives on the Supervisory Board). As per Articles 4 and 5 of the One-Third Participation Act, one-third of the members of the Supervisory Board will be elected by

employees who are entitled to vote (and serve as the employees' representatives on the Supervisory Board). Election proposals for members' representatives on the Supervisory Board, which can only be submitted in writing by members, must be received by the Board of Management no later than the third bank business day before the Delegates Meeting.

As at the date of approval of this Prospectus, the Supervisory Board consists of the following persons:

Name	Principal activity outside of MünchenerHyp eG
Dr. Hermann Starnecker Chairman of the Supervisory Board	Spokesman of the Board of Management of VR Bank Augsburg-Ostallgäu eG
Gregor Scheller Deputy Chairman of the Supervisory Board	President and Chairman of the Board of Genossenschaftsverband Bayern e.V.
I.K.H. Anna Herzogin in Bayern Member of the Supervisory Board	Entrepreneur
Josef Hodrus Member of the Supervisory Board	Spokesman of the Board of Management of Volksbank Allgäu-Oberschwaben eG
Thomas Höbel Member of the Supervisory Board	Spokesman of the Board of Management of Volksbank Raiffeisenbank Dachau eG
Jürgen Hölscher Member of the Supervisory Board	Member of the Board of Management of Emsländische Volksbank eG
Rainer Jenniches Member of the Supervisory Board	Chairman of the Board of Management of VR-Bank Bonn eG
Raimund Käsbauer Member of the Supervisory Board	None. Employee representative, MünchenerHyp
Michael Schäffler Member of the Supervisory Board	None. Employee representative, MünchenerHyp
Claudia Schirsch Member of the Supervisory Board	None. Employee representative, MünchenerHyp
Kai Schubert Member of the Supervisory Board	Member of the Board of Management of Raiffeisenbank Südstormarn Mölln eG
Frank Wolf-Kunz Member of the Supervisory Board	None. Employee representative, MünchenerHyp

The term of office of a member of the Supervisory Board begins at the end of the Delegates Meeting that elected him or her, and ends at the end of the Delegates Meeting held four financial years later, not counting the financial year in which the person was elected to the Supervisory Board.

If members of the Supervisory Board resign before their term of office expires, the Supervisory Board will consist of the remaining members until the next ordinary Delegates Meeting at which time an election will be held for a replacement. An earlier replacement election by an extraordinary Delegates Meeting will only be required if the number of Supervisory Board members falls below four. Replacement elections are for the remaining term of office of the retired member of the Supervisory Board.

Persons who are 65 years of age or older on the day of the Supervisory Board election may not be elected as a representative of the members on the Supervisory Board.

In accordance with section 25 of MünchenerHyp's Articles of Association, the Supervisory Board elects from amongst its members its chairman and a deputy. Supervisory Board meetings will be convened by its chairman. In the event that the chairman is unavailable the meeting will be convened by the deputy. If both the chairman and his deputy have not been elected or are unavailable the Supervisory Board meetings will be chaired by the oldest member of the Supervisory Board in terms of age.

The Supervisory Board has a quorum when, after being properly invited, more than half the members are present, including the chairman or a deputy chairman. Resolutions are taken with a majority of the valid votes.

Business Address of the Board of Management and the Supervisory Board

The Board of Management and the Supervisory Board may be contacted at MünchenerHyp's business address: Münchener Hypothekenbank eG, Karl-Scharnagl-Ring 10, 80539 Munich, Federal Republic of Germany.

Conflict of Interests

There are no potential conflicts of interests between any duties to MünchenerHyp of the members of the Board of Management and the Supervisory Board and their private interests and/or other duties.

Delegates Meeting

In accordance with section 26 of MünchenerHyp's Articles of Association, Members' rights in matters relating to the Bank are exercised by delegates of the members at the Delegates Meeting as long as the number of members exceeds 3,000.

In accordance with section 26a of MünchenerHyp's Articles of Association, the Delegates Meeting consists of the elected delegates. Each delegate has one vote. The delegates are not bound by instructions.

In accordance with section 26b of MünchenerHyp's Articles of Association, delegates can only be natural persons with unlimited legal capacity, who are members of the Bank, and who are not members of the Board of Management or the Supervisory Board. If a member of the Bank is a legal entity or a partnership, or natural person who is authorised to legally represent the legal entity or partnership, then they may be elected as a delegate.

In accordance with section 26c of MünchenerHyp's Articles of Association, elections to the Delegates Meeting are held every four years. One delegate must be elected for every 1,000 members, who must have been members on the last day of the financial year preceding the election. The total number of delegates to be elected shall be at least 80. In addition, when setting the sequence of filling vacated posts, at least five alternate delegates shall be elected.

In accordance with section 27 of MünchenerHyp's Articles of Association, the ordinary Delegates Meeting will be convened by the chairman of the Supervisory Board or by the Board of Management within the first six months of the year.

The Delegates Meeting shall be convened by directly notifying all delegates in text form (*Textform*) or by an announcement placed in a paper edition of the Frankfurter Allgemeine Zeitung giving a notice period of at least two weeks between the date on which the notice of the meeting is received or announced and the date of the Delegates Meeting. The agenda must be announced when the meeting is convened.

In accordance with section 29 of MünchenerHyp's Articles of Association, the Delegates Meeting shall be chaired by the chairman of the Supervisory Board or his deputy (chairman of the meeting). The chairmanship can be transferred by resolution of the Delegates Meeting to a member of the Board of Management, a member of the Supervisory Board, another member of the Bank or a

representative of the auditing association. The chairman of the meeting will appoint a secretary who will transcribe the minutes of the meeting pursuant to Article 47 of the German Law on Cooperative Associations (*Deutsches Genossenschaftsgesetz*). If needed, two persons will be appointed to count the votes.

Cover Assets Trustees

The following persons are currently appointed by the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) to act as cover assets trustees (*Treuhänder der Deckungsmassen*):

Trustee:

Dr. Günter Graf, Ministry Director, Egming

Deputy Trustee:

Walter Heinz Christl, Ministry Director(ret.), Munich

SUBSCRIBED CAPITAL

As at 28 February 2022, the subscribed capital of MünchenerHyp amounted to EUR 1,244,935,650.00, composed of EUR 1,244,935,650.00 members' capital contributions, divided into participation shares of EUR 70 each, all of which have been issued and fully paid.

CONTROLLING PERSONS

As at 31 March 2022, the group of members of MünchenerHyp is composed as follows:

- Cooperative banks and cooperative central bank: 71 per cent;
- Other companies of the cooperative financial network: 4 per cent;
- Customers and other members: 25 per cent.

None of the members holds more than 1.5 per cent of the participation shares in MünchenerHyp. Therefore, none of the members directly or indirectly owns the majority of the participation shares in MünchenerHyp or otherwise controls MünchenerHyp.

Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses

Historical Financial Information

Audited Historical Financial Information

The following documents shall be deemed to be incorporated in, and form part of, this Prospectus (see also section "**Documents Incorporated by Reference**"):

- the Management Report (excluding the section "*Risk, Outlook and Opportunities Report*"), the Balance Sheet, the Income Statement, the Statement of Development in Equity Capital and Cash Flow Statement, the Notes, the Independent Auditors' Report and the Affirmation by the Legal Representatives for the financial year ended 31 December 2021, each document included in the Annual Report 2021; and
- the Management Report (excluding the section "*Risk, Outlook and Opportunities Report*"), the Balance Sheet, the Income Statement, the Statement of Development in Equity Capital and Cash Flow Statement, the Notes, the Independent Auditors' Report and the Affirmation by the Legal Representatives for the financial year ended 31 December 2020, each document included in the Annual Report 2020.

The above mentioned documents will be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website of MünchenerHyp

www.muenchenerhyp.de).

Accounting Standards

The annual financial statements of MünchenerHyp as at 31 December 2021 and as at 31 December 2020 were prepared in accordance with the provisions of the HGB, in conjunction with the Regulation on the Accounting of Credit Institutions and Financial Services Institutions (*Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute*), and in accordance with the rules contained in the German Law on Cooperative Associations (*Deutsches Genossenschaftsgesetz*) and the PfandBG.

Due to the subordinated significance of the subsidiaries for property, finance and net earnings position, the Bank has decided to dispense with the compilation of consolidated group financial statements in accordance with Section 296 (2) HGB.

Auditing of Historical Annual Financial Information

DGRV – Deutscher Genossenschafts- und Raiffeisenverband e.V. has audited the annual financial statements as well as the respective management report of MünchenerHyp for the financial years ended 31 December 2021 and 31 December 2020 and has issued in each case an unqualified independent auditors' report thereon.

DGRV – Deutscher Genossenschafts- und Raiffeisenverband e.V. has not performed any audit of any financial statements of the Issuer as of any date or for any period subsequent to 31 December 2021.

Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on MünchenerHyp's financial position (*Finanzlage*) or profitability.

Documents Available

For the term of this Prospectus, the following documents may be inspected on the website of MünchenerHyp (www.muenchenerhyp.de):

- Articles of Association (*Satzung*), as amended from time to time (the Articles of Association in force at the date of this Prospectus correspond to the version last amended by the resolution of the Delegates Meeting of 10 October 2020);
- Annual Report 2021 including the audited management report and the audited annual financial statements of MünchenerHyp in respect of the financial year ended 31 December 2021;
- Annual Report 2020 including the audited management report and the audited annual financial statements of MünchenerHyp in respect of the financial year ended 31 December 2020;
- German Law on Cooperative Associations (*Deutsches Genossenschaftsgesetz* / *only German language version*).

USE OF PROCEEDS

In connection with the issue of the Capital Notes, the Issuer will receive proceeds of approximately CHF 75,000,000. The net proceeds from the issue of the Capital Notes will be used for general corporate purposes and to strengthen the Issuer's regulatory capital base by providing Additional Tier 1 capital for the Issuer.

WARNING ON TAX CONSEQUENCES

INCOME RECEIVED FROM THE CAPITAL NOTES IS SUBJECT TO TAXATION. IN PARTICULAR, THE TAX LAWS OF ANY JURISDICTION WITH AUTHORITY TO IMPOSE TAXES ON THE INVESTOR AND THE TAX LAWS OF THE ISSUER'S STATE OF INCORPORATION, STATUTORY SEAT AND PLACE OF EFFECTIVE MANAGEMENT, I.E. GERMANY, MIGHT HAVE AN IMPACT ON THE INCOME RECEIVED FROM THE CAPITAL NOTES.

The following is a general discussion of certain selected tax consequences that may be relevant with respect to the acquisition, ownership and disposal of Capital Notes under the tax laws of Germany. This discussion is not and does not purport to be a comprehensive or exhaustive description of all tax considerations that may be relevant to a decision to purchase Capital Notes. The following section only provides some very general information on the possible tax treatment of the Capital Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular investor. This overview is based on the laws of Germany in force as of the date of this Prospectus, which are subject to change, possibly with retroactive effect. Potential purchasers of Capital Notes should be aware that (i) the tax treatment of payments in respect of the Capital Notes may be different (and in some cases significantly different) from that set out below, and (ii) tax regulations and their application or interpretation by the relevant taxation authorities or courts may change from time to time. Accordingly, it is not possible to predict the precise tax treatment of the Capital Notes which will apply to a particular investor at any given time.

PROSPECTIVE PURCHASERS OF CAPITAL NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF ACQUIRING, HOLDING AND DISPOSING OF CAPITAL NOTES AND RECEIVING PAYMENTS OF PRINCIPAL, INTEREST AND OTHER AMOUNTS UNDER THE CAPITAL NOTES UNDER THE TAX LAWS APPLICABLE IN GERMANY AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS OR WHOSE TAX LAWS APPLY TO THEM FOR OTHER REASONS.

As a rule, the Issuer does not assume any responsibility for the withholding of taxes at source.

Taxation in Germany

Income Tax

Capital Notes held by tax residents as non-business assets

Taxation of payments of interest

Payments of interest on the Capital Notes to Holders who are individuals and are tax residents of Germany (i.e., persons whose residence or habitual abode is located in Germany) are subject to German income tax (*Einkommensteuer*). In each case where German income tax arises, a solidarity surcharge (*Solidaritatzuschlag*) is levied in addition. Furthermore, church tax (*Kirchensteuer*) may be levied, where applicable.

On payments of interest on the Capital Notes to individuals who are tax residents of Germany, income tax is generally levied as a flat income tax at a rate (flat tax regime, *Abgeltungsteuer*) of 25 per cent (plus solidarity surcharge in an amount of 5.5 per cent of such tax, resulting in a total tax charge of 26.375 per cent, plus, if applicable, church tax). It should be noted that in a recent decision, the Fiscal Court of Lower Saxony (*niedersachsisches Finanzgericht*) raised the question whether the flat tax regime could be unconstitutional and referred this question to the German Federal Constitutional Court (*Bundesverfassungsgericht*).

The total positive investment income of an individual will be decreased by a lump sum deduction (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for individuals filing jointly), not by a deduction of expenses actually incurred.

If the Capital Notes are held in custody, or are administered by a German branch of a German or non-German credit or financial services institution (*Kredit- oder Finanzdienstleistungsinstitut*) or with a German securities trading business (*Wertpapierhandelsunternehmen*) or a German securities trading bank (*Wertpapierhandelsbank*) and such entity credits or pays out the interest (the "**Disbursing Agent**"), the flat income tax will be levied by way of withholding at the aforementioned rate from the gross interest payment to be made by the Disbursing Agent. The church tax is generally levied by way of withholding unless the Holder has filed a blocking notice (*Sperrvermerk*) with the German Federal Tax Office (*Bundeszentralamt für Steuern*). In the latter case, the Holder has to include its investment income in the tax return and will then be assessed to church tax.

In general, no withholding tax will be levied if the Holder is an individual whose Capital Notes do not form part of the property of a trade or business and who filed an application for exemption (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the interest income derived from the Capital Notes together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption certificate. As of the date of this Prospectus, the maximum lump sum deduction amount is EUR 801 (EUR 1,602 for individuals filing jointly) for all investment income received in a given calendar year; expenses actually incurred are not deductible. Similarly, no withholding tax will be deducted if the Holder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) which has been issued by the competent local tax office.

If no withholding tax has been withheld, the Holder will have to include its income on the Capital Notes in its tax return and the tax on its investment income of generally 25 per cent plus solidarity surcharge and, if applicable, church tax will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability (including solidarity surcharge and, if applicable, church tax) of the Holder in respect of such investment income. Holders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25 per cent. In this case as well, income-related expenses cannot be deducted from the investment income, except for the aforementioned annual lump sum deduction.

Taxation of capital gains

Also capital gains realised by individual tax residents of Germany from the disposal or redemption of the Capital Notes (including gains from the assignment or hidden contribution of the Capital Notes) will be subject to the flat income tax on investment income at a rate of 25 per cent (plus solidarity surcharge in an amount of 5.5 per cent of such tax, resulting in a total tax charge of 26.375 per cent, plus, if applicable, church tax), irrespective of any holding period.

If interest claims are disposed of separately (i.e., without the Capital Notes), the gains from the disposal are subject to income tax. The same applies to gains from the payment of interest claims if the Capital Notes have been disposed separately.

If the Capital Notes are held in custody, or are administered, or if their disposal or redemption is executed, by a Disbursing Agent (as defined above) the flat income tax will be levied by way of withholding from the positive difference between the redemption amount or the proceeds from the disposal (after the deduction of actual expenses directly related thereto) and the issue price or the

purchase price of the Capital Notes. If Capital Notes kept or administered in the same custodial account have been acquired at different points in time, the Capital Notes first acquired will be deemed to have been sold first for the purpose of determining the capital gains. Where the Capital Notes are acquired and/or sold in a currency other than Euro, the acquisition costs and disposal/redemption proceeds will be converted in Euro on the basis of the exchange rate applicable at the time of acquisition, respectively, the time of disposal, and the difference will then be computed in Euro. If the Capital Notes have been transferred into the custodial account of the Disbursing Agent only after their acquisition, and no evidence on the acquisition data has validly been provided to the new Disbursing Agent by the Disbursing Agent which previously kept the Capital Notes in its custodial account, withholding tax will be levied on an amount equal to 30 per cent of the proceeds from the disposal or redemption of the Capital Notes, unless the current Disbursing Agent has been provided with evidence of the actual acquisition costs of the Capital Notes by the previous Disbursing Agent or by a statement of a bank or financial services institution within the European Union, the European Economic Area or certain other countries.

Accrued interest (*Stückzinsen*) received by the Holder upon disposal of the Capital Notes between two interest payment dates is considered as part of the sales proceeds thus increasing a capital gain or reducing a capital loss from the Capital Notes. Accrued interest paid by the Holder upon an acquisition of the Capital Notes after the issue date qualifies as negative investment income either to be deducted from positive investment income generated in the same assessment period or to be carried forward to future assessment periods.

Church tax is generally levied by way of withholding (see "*Taxation of payments of interest*").

If no withholding tax has been withheld, the Holder will have to include capital gains from the disposal or redemption of the Capital Notes in its tax return and the tax on its investment income of generally 25 per cent plus solidarity surcharge and, if applicable, church tax will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability (including solidarity surcharge and, if applicable, church tax) of the Holder in respect of such investment income. Holders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25 per cent. Further, if the withholding tax on the disposal or redemption of the Capital Notes has been calculated from 30 per cent of the respective proceeds (rather than from the actual gain), a Holder who is an individual tax resident may and, according to administrative guidance, in case the actual gain is higher than 30 per cent of the respective proceeds (and the difference between the actual gain and 30 per cent of the respective proceeds is more than EUR 500) must also apply for an assessment on the basis of its actual acquisition costs. In any case, income-related expenses cannot be deducted from the investment income, except for the aforementioned annual lump sum deduction.

Any capital loss incurred from the disposal or redemption of the Capital Notes can only be offset against positive income from capital investments. The Disbursing Agent will offset the losses with positive income from capital investments entered into through or with the same Disbursing Agent and carry forward any losses that cannot be offset to the following calendar year. If losses cannot be offset in full against positive investment income by the Disbursing Agent, the Holder can, instead, request that the Disbursing Agent issues a certificate stating the losses in order for them to be offset against other positive income from capital investments or carried forward in the assessment procedure. The request must reach the Disbursing Agent by 15 December of the current year and is irrevocable. Losses resulting from the total or partial uncollectibility of notes, from the write-off of worthless notes, from the transfer of worthless notes to a third party or from any other default (*Ausfall*) can only be offset with

gains from other capital income up to the amount of EUR 20,000 *per annum*. Losses which could not be offset can be carried forward to subsequent years and can be offset against gains from capital income in the amount of EUR 20,000 in each subsequent year. There is a proceeding pending at the German Federal Constitutional Court (*Bundesverfassungsgericht*) dealing with the question whether such limitation on the loss offsetting could be unconstitutional. Given that the limitation on loss deduction will not be applied by the Disbursing Agent (as defined above), Holders suffering losses which are subject to the limitation on loss deduction are required to declare such losses in their tax return.

Capital Notes held by tax residents as business assets

Payments of interest on Capital Notes (including accrued interest) and capital gains from the disposal or redemption of Capital Notes held as business assets by German tax resident individuals or tax resident corporations (i.e., corporations whose legal domicile or place of effective management is located in Germany), including via a partnership, as the case may be, are generally subject to German income tax or corporate income tax (in each case plus solidarity surcharge and, if applicable, church tax). The interest and capital gain will also be subject to trade tax (*Gewerbesteuer*) if the Capital Notes form part of the property of a German trade or business. The trade tax liability depends on the applicable trade tax factor (*Gewerbesteuerhebesatz*) of the relevant municipality where the Holder's business is located. If the Holder is an individual or an individual partner of a partnership, the trade tax may be fully or partly credited against the personal income tax pursuant to a lump sum tax credit method.

If the Capital Notes are held in custody, or are administered, or if their disposal is executed, by a Disbursing Agent (as defined above), tax at a rate of 25 per cent (plus a solidarity surcharge of 5.5 per cent of such tax and, if applicable in the case of individuals, church tax) will also be withheld from interest payments on Capital Notes and generally also from capital gains from the disposal or redemption of Capital Notes held as business assets. In these cases, the withholding tax does not satisfy the income tax liability of the Holder, but will be credited as advance payment against the personal income or corporate income tax liability and the solidarity surcharge (and, if applicable in case of individuals, against the church tax) of the Holder, or, to the extent exceeding the (corporate) income tax liability, refundable.

With regard to capital gains from the disposal or redemption of Capital Notes no withholding will generally be required in the case of Capital Notes held by corporations tax resident in Germany, provided that in the case of corporations of certain legal forms the status of corporation has been evidenced by a certificate of the competent tax office. The same applies upon notification by use of the officially prescribed form towards the Disbursing Agent in the case of Capital Notes held by German tax resident individuals or partnerships as business assets.

Partnerships can opt to be treated as a corporation for purposes of German income taxation. If the Holder is a partnership that has validly exercised such option right, any interest payments on Capital Notes (including accrued interest) and capital gains from the disposal or redemption of Capital Notes are subject to corporate income tax (and, for the avoidance of doubt, trade tax).

Capital Notes held by non-residents

As a rule, payments of interest on Capital Notes and capital gains from the disposal or redemption of Capital Notes are not subject to German taxation in the case of non-residents, i.e., persons having neither their residence nor their habitual abode nor legal domicile nor place of effective management in Germany, unless the Capital Notes form part of the business property of a permanent establishment maintained in Germany, or for which a permanent representative has been appointed in Germany. Interest may, however, also be subject to German income tax if it otherwise constitutes

income taxable in Germany, such as income from the letting and leasing of certain German-situs property or income from certain capital investments directly or indirectly secured by German situs real estate.

Non-residents of Germany are in general exempt from German withholding tax on interest and capital gains and from solidarity surcharge thereon. However, if the interest or capital gain is subject to German taxation as set forth in the preceding paragraph and the Capital Notes are held in custody, or are administered, or if their disposal is executed, by a Disbursing Agent (as defined above), withholding tax will be levied as explained above at "*Capital Notes held by tax residents as business assets*" or at "*Capital Notes held by tax residents as non-business assets*", respectively.

If the Capital Notes are not kept in custody by a Disbursing Agent and interest or proceeds from the disposal or redemption of the Capital Notes are paid or credited to a non-resident (other than a non-German bank or financial services institution) upon delivery of the Capital Notes, respectively, such payments will also be subject to withholding tax to the extent and at a rate as explained above at "*Capital Notes held by tax residents as non-business assets*".

To the extent Holders not resident in Germany qualify as residents in a non-cooperative country within the meaning of the German Defence against Tax Havens Act (*Steuereroasenabwehrgesetz*) payments of interest on Capital Notes can be subject to a (definitive) tax deduction by the Issuer in Germany at a tax rate of 15 per cent (plus solidarity surcharge in an amount of 5.5 per cent of such tax).

Amendments to the Solidarity Surcharge

The solidarity surcharge has been partially abolished for certain individuals and reduced for certain other individuals, depending on certain income thresholds. The solidarity surcharge continues to apply for capital investment income and therefore to withholding tax (including the flat tax regime) as well as to corporate income tax. Should the individual income tax burden for an individual Holder be lower than 25 per cent, the Holder can apply for its investment income being assessed at its individual tariff-based income tax rate in which case solidarity surcharge would be refunded. Holders are advised to monitor further future developments.

Inheritance and Gift Tax

No inheritance or gift taxes with respect to any Capital Note will generally arise under the laws of Germany, if, (i) in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a tax resident or a deemed tax resident of Germany, (ii) such Capital Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany, and (iii) the claims under such Capital Note are not directly or indirectly secured by German situs real estate or ships which are registered with a German ship register. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany.

Other Taxes

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Capital Notes. However, under certain circumstances entrepreneurs for value added tax purposes may opt for a liability to value added tax with regard to the disposals of the Capital Notes which would otherwise be tax exempt. As of the date of this Prospectus, net assets tax (*Vermögensteuer*) is not levied in Germany.

The Proposed Financial Transaction Tax

The European Commission has published a proposal for a directive for a common financial transaction tax ("**FTT**") in certain participating EU Member States, including Germany. The Commission proposal is currently subject to review. The proposed FTT has a very broad scope and could, if introduced, apply to certain dealings in the Capital Notes (including secondary market transactions) in certain circumstances. The FTT proposal remains subject to negotiation between the Member States. The FTT could apply to persons both within and outside of the participating EU Member States. It is still unclear if and when an FTT will be implemented and what the exact scope will be.

Prospective Holders are advised to monitor future developments closely and to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

General

The Issuer will agree in an agreement to be signed prior to the Issue Date (the "**Subscription Agreement**") to sell to Credit Suisse AG, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main and UBS AG (together the "**Joint Lead Managers**") and Zürcher Kantonalbank (the "**Co-Manager**" and, together with the Joint Lead Managers, the "**Managers**" and each a "**Manager**") and the Managers will agree, subject to certain customary closing conditions, to purchase the Capital Notes on the Issue Date. The Issuer will agree to pay commissions of approximately 0.987% of the aggregate principal amount of the Capital Notes to the Managers. The Issuer will furthermore agree to reimburse the Managers for certain expenses incurred in connection with the issue of the Capital Notes.

The Managers are entitled, under certain circumstances, to terminate the agreement reached with the Issuer. In such event, no Capital Notes will be delivered to investors. Furthermore, the Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Capital Notes.

The Managers or their affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and its affiliates, for which the Managers or their affiliates have received or will receive customary fees and commissions. In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. The Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Capital Notes. Any such short positions could adversely affect future trading prices of the Capital Notes. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Other than that, there are no interests of natural and legal persons other than the Issuer involved in the issue, including conflicting ones, that are material to the issue.

Charges and costs relating to the purchase of Capital Notes

The Issuer will not charge any costs, expenses or taxes directly to any investor. Investors must inform themselves about any costs, expenses or taxes in connection with the Capital Notes which are generally applicable in their respective country of residence, including any charges their own depository banks charge them for purchasing or holding securities.

No public offering

No public offering of the Capital Notes shall be made on the basis of this Prospectus. The Issuer and the Managers agreed that a separate prospectus (the "**Swiss Prospectus**"), which will not be a prospectus within the meaning of the Prospectus Regulation and which will not be reviewed and/or approved by the CSSF, will be prepared and may be used by the Managers to offer the Capital Notes to investors in Switzerland, subject to and in accordance with the laws and regulations of Switzerland.

No action has been or will be taken in any country or jurisdiction by the Issuer or the Managers that would permit a public offering of the Capital Notes outside of Switzerland, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons who have access to this Prospectus are required by the Issuer and the Managers to comply with all applicable laws and regulations in each country or jurisdictions in or from

which they purchase, offer, sell or deliver the Capital Notes or have in their possession or distribution such offering material, in all cases at their own expense.

Selling Restrictions

General

The Managers have acknowledged that other than explicitly mentioned in the Prospectus, no action is taken or will be taken by the Issuer in any jurisdiction that would permit a public offering of the Capital Notes, or possession or distribution of the Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Capital Notes (including roadshow materials), in any country or jurisdiction where action for that purpose is required.

The Managers have represented and agreed that they will comply with all applicable laws and regulations in each jurisdiction in which they acquire, offer, sell or deliver Capital Notes or have in their possession or distribute the Prospectus (in preliminary, proof or final form) or any such other material, in all cases at their own expense.

United States of America (the "United States")

The Capital Notes have not been and will not be registered under the Securities Act, and may not be offered or sold into or within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

The Capital Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The Managers have agreed that, except as permitted by the Subscription Agreement, they will not offer, sell or deliver the Capital Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and they will have sent to each Manager to which they sell Capital Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Capital Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

Prohibition of Sales to EEA Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Capital Notes which are the subject of the offering contemplated by this Prospectus to any retail investor in the European Economic Area.

For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Capital Notes to any retail investor in the UK. For the purposes of this provision, the expression retail investor means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of article 2 of the UK Delegated Regulation; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of article 2(1) of the UK MiFIR.

Selling Restrictions Addressing United Kingdom Securities Laws

The Managers have represented, warranted and agreed that:

(a) *Financial Promotion*: they have only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by them in connection with the issue or sale of any Capital Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) *General Compliance*: they have complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to any Capital Notes in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

Interest of Natural and Legal Persons involved in the Issue/Offer

Certain of the Managers and their affiliates may be customers of, borrowers from or creditors of the Issuer and/or its affiliates. In addition, certain Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and/or its affiliates in the ordinary course of business.

Authorisation and Issue Date

The creation and issue of the Capital Notes has been authorised by written resolution of the members of the Delegates Meeting of MünchenerHyp obtained on 10 October 2020, by resolution of the Members of the Board of Management of MünchenerHyp dated 18 January 2022 and 5 May 2022 and by resolution of the Supervisory Board of MünchenerHyp dated 23 April 2022. The Issue Date of the Capital Notes is 2 June 2022.

Clearing and Settlement

The Capital Notes have been accepted for clearing by SIX SIS AG, Baslerstrasse 100, CH-4600 Olten, Switzerland, Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg, and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium.

The Capital Notes have been assigned the following securities codes:

ISIN CH1184694771

Common Code 248555173

WKN MHB65X

Swiss Security Number 118469477

Listing and Admission to Trading Information

Application has been made for the Capital Notes to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the professional segment of the regulated market "*Bourse de Luxembourg*" of the Luxembourg Stock Exchange. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of the MIFID II. Further, application will be made for admission to trading and listing of the Capital Notes on SIX Swiss Exchange Ltd.

Expenses Related to the Issue

The Issuer estimates that the total amount of expenses related to the issue of the Capital Notes will be approximately EUR 500,000 (plus commissions payable to the Managers as described in the section "*SUBSCRIPTION AND SALE – General*").

The Issuer will not charge any costs, expenses or taxes directly to any investor. Investors must inform themselves about any costs, expenses or taxes in connection with the purchase of the Capital Notes which are generally applicable in their respective country of residence, including any charges of their own depository banks in connection with the purchase or holding of securities.

Yield to Maturity

There is no explicit yield to maturity. The Capital Notes do not carry a fixed date for redemption and the Issuer is not obliged, and under certain circumstances is not permitted, to make payments on the Capital Notes at the full stated rate.

Ratings

The Capital Notes are expected to be assigned a Ba1 (hyb) foreign currency rating by Moody's Deutschland GmbH.

Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.

Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Additionally, a "(hyb)" indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms.*

* *By their terms, hybrid securities allow for the omission of scheduled dividends, interest, or principal payments, which can potentially result in impairment if such an omission occurs. Hybrid securities may also be subject to contractually allowable write-downs of principal that could result in impairment. Together with the hybrid indicator, the long-term obligation rating assigned to a hybrid security is an expression of the relative credit risk associated with that security.*

A rating is not a recommendation to buy, sell or hold Capital Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Issuer's ratings are set out in the section "GENERAL INFORMATION ABOUT THE ISSUER" under "INFORMATION ABOUT MÜNCHENERHYP – History and Development – *Issuer Credit Ratings*".

Paying Agents and Calculation Agent

The Swiss Principal Paying Agent and the Calculation Agent is Credit Suisse AG, Zurich, Switzerland, the German Paying Agent is MÜchener Hypothekenbank eG, Munich, Germany.

Third party information

With respect to any information included in this Prospectus and specified to be sourced from a third party (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information available to it from such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy thereof.

Sources of information:

Moody's

INCORPORATION BY REFERENCE

The following documents (together, the "**Documents**") are incorporated by reference into and form part of this Prospectus. Only the following mentioned parts of each of the Documents shall be incorporated into, and form part of, this Prospectus. The other parts within the respective Document are expressly not incorporated into, and do not form part of, this Prospectus. The non-incorporated parts are either not relevant for the investor or are covered elsewhere in the Prospectus.

Page / Section in Prospectus	Section of document incorporated by reference	Pages of document incorporated by reference
103 / Financial Information concerning MünchenerHyp's Assets and Liabilities, Financial Position and Profits and Losses / <i>Historical Financial Information</i>	Management Report 2021	Pages 8 to 36 of the Annual Report 2021
103 / Financial Information concerning MünchenerHyp's Assets and Liabilities, Financial Position and Profits and Losses / <i>Historical Financial Information</i>	Balance Sheet, 31 December 2021	Pages 38 to 41 of the Annual Report 2021
103 / Financial Information concerning MünchenerHyp's Assets and Liabilities, Financial Position and Profits and Losses / <i>Historical Financial Information</i>	Income Statement for the year ended 31 December 2021	Page 42 of the Annual Report 2021
103 / Financial Information concerning MünchenerHyp's Assets and Liabilities, Financial Position and Profits and Losses / <i>Historical Financial Information</i>	Statement of Development in Equity Capital for 2021 and Cash Flow Statement for 2021	Pages 43 to 44 of the Annual Report 2021
103 / Financial Information concerning MünchenerHyp's Assets and Liabilities, Financial Position and Profits and Losses / <i>Historical Financial Information</i>	Notes 2021	Pages 45 to 70 of the Annual Report 2021
103 / Financial Information concerning MünchenerHyp's Assets and Liabilities, Financial Position and Profits and Losses / <i>Historical Financial Information</i>	Independent Auditors' Report	Pages 71 to 76 of the Annual Report 2021
103 / Financial Information concerning MünchenerHyp's Assets and Liabilities, Financial Position and Profits and Losses	Affirmation by the Legal Representatives	Page 77 of the Annual Report 2021

Page / Section in Prospectus	Section of document incorporated by reference	Pages of document incorporated by reference
<i>/ Historical Financial Information</i>		
103 / Financial Information concerning MünchenerHyp's Assets and Liabilities, Financial Position and Profits and Losses / Historical Financial Information	Management Report 2020	Pages 8 to 35 of the Annual Report 2020
103 / Financial Information concerning MünchenerHyp's Assets and Liabilities, Financial Position and Profits and Losses / Historical Financial Information	Balance Sheet, 31 December 2020	Pages 37 to 40 of the Annual Report 2020
103 / Financial Information concerning MünchenerHyp's Assets and Liabilities, Financial Position and Profits and Losses / Historical Financial Information	Income Statement for the year ended 31 December 2020	Page 41 of the Annual Report 2020
103 / Financial Information concerning MünchenerHyp's Assets and Liabilities, Financial Position and Profits and Losses / Historical Financial Information	Statement of Development in Equity Capital for 2020 and Cash Flow Statement for 2020	Pages 42 to 43 of the Annual Report 2020
103 / Financial Information concerning MünchenerHyp's Assets and Liabilities, Financial Position and Profits and Losses / Historical Financial Information	Notes 2020	Pages 44 to 69 of the Annual Report 2020
103 / Financial Information concerning MünchenerHyp's Assets and Liabilities, Financial Position and Profits and Losses / Historical Financial Information	Independent Auditors' Report	Pages 70 to 75 of the Annual Report 2020
103 / Financial Information concerning MünchenerHyp's Assets and Liabilities, Financial Position and Profits and Losses / Historical Financial Information	Affirmation by the Legal Representatives	Page 75 of the Annual Report 2020

The Annual Report 2021 is available at MünchenerHyp's website:

<https://www.muenchenerhyp.de/sites/default/files/downloads/2022-04/MuenchenerHyp%20Annual%20Report%202021.pdf>

The Annual Report 2020 is available at MünchenerHyp's website:

<https://www.muenchenerhyp.de/sites/default/files/downloads/2021-04/MuenchenerHyp%20Annual%20Report%202020.pdf>

NAMES AND ADDRESSES

ISSUER

Münchener Hypothekenbank eG

Karl-Scharnagl-Ring 10
80539 Munich
Federal Republic of Germany

JOINT LEAD MANAGERS

Credit Suisse AG

Paradeplatz 8
8001 Zurich
Switzerland

DZ BANK AG

**Deutsche Zentral-
Genossenschaftsbank,
Frankfurt am Main**
Platz der Republik
60325 Frankfurt am Main
Federal Republic of Germany

UBS AG

Bahnhofstrasse 45
8001 Zurich
Switzerland

CO-MANAGER

Zürcher Kantonalbank

Bahnhofstrasse 9
8001 Zurich
Switzerland

SWISS PAYING AGENT AND CALCULATION AGENT

Credit Suisse AG

Paradeplatz 8
8001 Zurich
Switzerland

GERMAN PAYING AGENT

Münchener Hypothekenbank eG

Karl-Scharnagl-Ring 10
80539 Munich
Federal Republic of Germany

LEGAL ADVISOR TO THE ISSUER

Freshfields Bruckhaus Deringer Rechtsanwälte Steuerberater PartG mbB

Bockenheimer Anlage 44
60322 Frankfurt am Main
Federal Republic of Germany

AUDITOR OF THE ISSUER

DGRV – Deutscher Genossenschafts- und Raiffeisenverband e.V.

Linkstraße 12
10785 Berlin
Federal Republic of Germany