



MünchenerHyp

Press Release

## **MünchenerHyp increases results and strengthens market position**

- Net interest income less commissions figure rises 20 percent in 2013 business year
- New mortgage business remains successful at high level
- Very strong demand seen for Pfandbriefe, best issuer award received

Munich, April 2, 2014 – Münchener Hypothekenbank posted notably higher results for the 2013 business year. Net interest income less commissions improved by 20 percent over the previous year's figure to € 94.3 million. Results from operations after making provisions for risk more than doubled to € 21.2 million while net income rose to € 6.7 million. "The results show that our growth strategy is gaining traction. We once again made significant progress towards realising our goal of sustainably strengthening MünchenerHyp's earnings power," noted Dr. Louis Hagen, Spokesman for the Münchener Hypothekenbank's Board of Management, during the Bank's annual results press conference today in Munich.

The Bank's successful new mortgage business was a key reason behind the improved results and has been sustainably expanded in recent years. New business results were again at a high level in 2013 despite the intensive competition in the property financing market. MünchenerHyp made € 3.6 billion in mortgage loans in 2013 even though the volume of new residential property financing business declined slightly to € 2.9 billion. "Currently we are seeing that competition in the residential property financing market is being increasingly driven by lending conditions. We are not, however, interested in growth at any price. Margins also have to be adequate," said Dr. Louis Hagen. New business results recorded in the commercial property financing area of business rose by 12 percent to € 740 million.

The Bank's risk situation remained unchanged at a stable level. Provisions made for risk were at a low level.



## MünchenerHyp

During the previous business year MünchenerHyp was able to tap the capital market for refinancing funds at very favourable conditions. The Bank issued four large-volume Mortgage and Public Pfandbriefe over the course of 2013. Investor demand was very high for all of these issues. MünchenerHyp's high standing with international investors was underlined when the Bank was honoured with the Best Global Issuer prize of Pfandbriefe and other covered bonds by "The Cover," an international financial magazine.

As of December 31, 2013 total assets had declined by € 1.7 billion to € 34.9 billion. The Bank's portfolio of mortgage loans rose further by € 0.5 billion to € 21.5 billion, of which about three-quarters represent financing within Germany. The volume of outstanding loans with the public-sector and banks fell in accordance with the Bank's business and risk strategy from € 12.1 billion to € 10.3 billion.

As a result of its conservative business model, MünchenerHyp already has a very solid capital base today. At the end of 2013 the Bank's core capital ratio increased substantially to 11.7 percent (previous year 9.1 percent), while the total capital ratio rose to 16.7 percent (previous year 13.5 percent). The common equity Tier 1 capital ratio at December 31, 2013 was 6.3 percent (previous year 5.0 percent).

MünchenerHyp will further strengthen its level of common equity Tier 1 capital during the current business year. As the Bank will supervised by the European Central Bank in the future, it hat to meet a common equity Tier 1 capital ratio of 8 percent as of November 2014. To achieve this the Bank is currently engaged in attracting additional paid up capital, especially from within the Cooperative Financial Network. The bank is striving to attain € 240 million in additional paid up capital, which includes creation of a buffer beyond the required 8 percent. "Due to the response we have seen thus far in the Cooperative Financial Network, we are convinced that we will achieve this goal in the coming months," stated Dr. Louis Hagen.

Based on the results of the successful business year, the Board of Management and the Supervisory Board will propose to the Delegates Meeting that a dividend of 3.25 percent per share be approved for distribution.

MünchenerHyp will continue on its growth course in 2014. "The business environment is right for us. Demand for property financing – both for residential and commercial property – is very likely to remain high. For this reason we are confident that we will be able to further expand our position in the market," said Dr. Louis Hagen. Furthermore, the Bank also intends to further improve its net income in 2014.



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For additional information please contact:

Dr. Phil Zundel  
Head of Board of Management Staff and  
Human Resources  
Münchener Hypothekenbank eG  
Karl-Scharnagl-Ring 10, 80539 Munich  
Telephone +49 (0) 89 53 87 319  
Telefax +49 (0) 89 53 87 77 319  
E-Mail: phil.zundel@muenchenerhyp.de

Dr. Benno-Eide Siebs  
Press Officer  
Board of Management Staff and  
Human Resources  
Münchener Hypothekenbank eG  
Karl-Scharnagl-Ring 10, 80539 Munich  
Telephone +49 (0) 89 53 87 314  
Telefax +49 (0) 89 53 87 77 314  
E-Mail: benno-eide.siebs@muenchenerhyp.de



## MünchenerHyp

<b>Business Development*</b>	<b>2013</b>	<b>2012</b>	<b>Change</b>
	€ millions	€ millions	%
Lending Business	4,170	4,284	-3
- Mortgage loans	3,618	3,621	0
- Loans to public sector and banks	552	663	-17
Refinancing funds obtained	7,547	7,825	-4

### **Balance Sheet\***

Total assets	34,899	36,643	-5
Mortgage loans	21,522	20,986	3
Loans to public sector and banks	10,271	12,139	-15
MBS	13	29	-55
Pfandbriefe and other promissory notes	31,048	30,712	1
Liabile equity capital	1,251	1,161	8

### **Income Statement\***

Net interest income less commissions	94	78	20
Administrative expenses	74	66	12
Results from operations before deducting provisions for risks	22	11	111
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Transfer to the Fund for General Banking Risks	-5	-3	67
Net income	7	5	40

<b>Employees</b>	<b>Anzahl</b>	<b>Anzahl</b>	
Average number of employees per year	436	410	6
Apprenticed trainees	15	13	15

\* Amounts have been rounded