



Press Release

MünchenerHyp: Successful development further consolidated in first half of 2016

Munich, 25 August 2016 – Münchener Hypothekbank eG further strengthened its earnings power in the first half of 2016. Following the record results posted in 2015 the figure for net interest income and net commission income rose by 3 percent during the first six months of the year to €75 million (2015: €72.9 million). “The first half of 2016 confirmed the sustainability of our business strategy in a market environment that is becoming increasingly competitive”, said Dr. Louis Hagen, the Chairman of Münchener Hypothekbank’s Board of Management.

This is reflected by the €2.3 billion in new lending commitments made by MünchenerHyp in the first half, which again reached the high level recorded in the previous year (2015: €2.4 billion). The Bank also posted gains in its business with partner banks within the Cooperative Financial Network and with independent providers of financial services. The volume of private property loans brokered via this channels rose by 5 percent to over € 1.5 billion. Property financing deals brokered by the Swiss PostFinance declined as demand for property and property loans weakened in Switzerland. MünchenerHyp’s lending commitments made in its commercial property financing business – including financing for housing companies – amounted to over € 500 million and remained at the previous year’s level. Dr. Louis Hagen further noted: “We are satisfied with the development of our new business results. It shows that it is possible to be successful with conservative financing principles in today’s market situation that is characterised by a greater willingness to take on risk.”

MünchenerHyp was again able to obtain refinancing at good and stable conditions from the capital markets. By the end of July the Bank had issued two large-volume benchmark Mortgage Pfandbriefe, each of which met with heavy demand. The first issue was a 10-year Mortgage Pfandbrief with a volume of €500 million and was placed in April. This issue was notable as it



was priced at the highest risk discount in this maturity segment up to its date of issue. A few months later the Bank was able to tap this Mortgage Pfandbrief by an additional € 250 million to € 750 million at even better conditions. This successful issue was followed up in July with a 3-year Mortgage Pfandbrief issue with a volume of USD 600 million which generated a very favourable international response.

The risk situation in our property finance business remained stable as provisions made for risk were at a low level. Results from normal business operations after making provisions for risk rose by € 3.6 million to € 27.1 million. After deductions for tax expenses, MünchenerHyp recorded a pro rata temporis net income for the period of € 14.6 million (2015: € 13.7 million).

Total assets recorded on 30 June 2016 amounted to € 38.7 billion following € 38.1 billion posted at the end of 2015. During the same time period the value of the Bank's portfolio of mortgage loans rose by € 0.9 billion to € 26.5 billion. In line with MünchenerHyp's business strategy, the portfolio of securities stemming from capital market transactions declined by about € 0.7 billion since the start of 2016 to € 7.6 billion.

On 30 June 2016 MünchenerHyp's common equity Tier 1 capital ratio was 17.6 percent (31 December 2015: 17.3 percent). The Tier 1 capital ratio was 17.6 percent (31 December 2015: 19.5 percent) and the total capital ratio was 19.5 percent (31 December 2015: 24.2 percent). The decline in the Tier 1 capital ratio and the total capital ratio was due to the repayment of a silent participation and the elimination of the members' liability on shares in the MünchenerHyp. Per the terms of regulatory requirements both of these equity capital items could only be counted as own funds for a limited transition period.

MünchenerHyp foresees that it will continue its favourable development in the second half of the year. "We want to further expand our new business and are confident that we will achieve our goals for 2016", said Dr. Louis Hagen.

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