

Press Release

MünchenerHyp's earnings power strengthens further in first half of 2018

- Net interest income and net commission income figure up by 19 percent to € 102.million
- New business declines by 21 percent to € 2.2 billion
- Loan portfolio grows by € 1.1 billion to € 30.3 billion
- New deposit product for private customers, GenoFestgeld, successfully established
- Net annual income expected to be at previous year's level

Munich, 23 August 2018 – Münchener Hypothekenbank eG (MünchenerHyp) was able to further expand its earnings in the first half of 2018. Net interest income increased by 11 percent over the same year-ago figure to € 138.1 million. The figure recorded for net interest income and net commission income improved by 19 percent to € 102.8 million following a slight decline in commission expenses.

“We are pleased that we were able to further strengthen our earnings power despite increasingly tougher pricing competition. However, our new business results for the first half of the year were below our expectations”, said Dr. Louis Hagen, the Chairman of the Board of Management of MünchenerHyp.

The Bank's new residential and commercial property financing business declined by 21 percent from the same year-ago figure to € 2.2 billion. Private residential property financing accounted for € 1.4 billion of this figure with the remaining € 0.8 billion represented by financing for commercial property. “Along with the increased pressure on margins and loan-to-value ratios, the availability of properties in the private and commercial customer sectors contracted and could not meet the unchanged high demand”, said Dr. Louis Hagen.

Refinancing, especially via Pfandbriefe, continued to be achieved at very good conditions. During the first half of the year the Bank's issuing activities focused on private placements, which were placed at very attractive conditions. The first issue of a benchmark Mortgage



Pfandbrief took place at the beginning of July 2018. This issue with a volume of € 500 million had a term of nine years and four months, and carried a coupon of 0.625 percent. The issue met with broad international investor interest as over € 1 billion worth of orders from 12 countries were received. In addition, MünchenerHyp also successfully issued numerous bonds denominated in Swiss francs.

For the first time ever MünchenerHyp is offering a fixed-interest deposit product called GenoFestgeld to safety-minded private customers who may invest amounts between € 10,000 and € 100,000. GenoFestgeld is being exclusively sold by MünchenerHyp's cooperative partner banks. Dr. Louis Hagen noted that: "From the day it was launched GenoFestgeld has been very well received by our partner banks and their customers. We are particularly pleased that we have been able to win additional cooperative banks as new partners".

In light of the Bank's stable risk situation, provisions made for business risks remained moderate. Results from ordinary business activities amounted to € 35.6 million. After tax deductions, the pro rata temporis net income for the year was € 22.7 million (30 June 2017: € 22.1 million).

Total assets on 30 June 2018 amounted to € 39.4 billion, following € 38.9 billion at the end of 2017. During the same period of time the Bank's portfolio of mortgage loans rose by € 1.1 billion to € 30.3 billion. In line with MünchenerHyp's strategic business direction, the capital markets portfolio was reduced by € 0.3 billion since the start of 2018 and at mid-year amounted to € 5.4 billion.

On 30 June 2018 the Bank's Common Equity Tier 1 capital ratio and Tier 1 capital ratio were both 23.0 percent (31 December 2017: 23.8 percent each). The Bank's total capital ratio stood at 24.3 percent (31 December 2017: 25.2 percent).

MünchenerHyp is striving to post net income for the full year that will be at the previous year's level. "We anticipate that our new business performance will pick up in the second half of the year due, in particular, to the expansion of our sales activities. For this reason we are confident that we will be able to increase our new business results over the first half year's figures", said Dr. Louis Hagen.

MünchenerHyp also published its financial statements for the first half of 2018 today.



MünchenerHyp

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