



Press Release

MünchenerHyp's new business and earnings rise significantly

- New property financing business grows by 22 percent to 3.2 billion euros
- Net interest income increases by 13 percent to 120.2 million euros
- Common equity Tier 1 capital rises to 12.3 percent

Munich, October 21, 2014 – Münchener Hypothekbank eG remains on its growth path as it significantly increased its new business results again in the third quarter. Up until the end of September 2014 the Bank had made new property financing commitments of 3.2 billion euros, or 22 percent more than in the same year-ago period.

The lion's share of new business was generated by loans for houses and condominiums. In this segment the Bank made lending commitments of about 2.7 billion, which represented a gain of 28 percent over the same year-ago period. MünchenerHyp's commercial property financing business recorded stable development with results of 535 million euros reaching the previous year's level. "We are very pleased with the development of our business, especially in the residential property finance segment where we were able to expand our market position further", said Dr. Louis Hagen, Spokesman for the Münchener Hypothekbank's Board of Management.

Earnings also developed favourably. Net interest income rose by 13 percent to 120.2 million euros. These results made it possible to offset the higher commission expenses incurred due to the strong gains in new business. This meant that net interest income and net commission income improved by 13 percent to 77.5 million euros.

The Bank once again recorded very strong refinancing results. In September MünchenerHyp generated notable commotion in the capital markets when it issued the world's first sustainable



MünchenerHyp

Mortgage Pfandbrief (ESG Pfandbrief). The 5-year issue with a volume of 300 million euros was priced ten basis points below the mid-swap rate. The Pfandbrief is unique because its coverage is based on ecological, social and socio-political sustainability criteria.

The Bank's portfolio of mortgage loans expanded due to successful new business results. Since the start of the year MünchenerHyp increased the volume of its loan portfolio by 1.3 billion euros to 22.6 billion euros. In addition, this figure also contributed to the increase in the Bank's total assets, which rose from 34.9 billion euros to 36.2 billion euros during the first nine months of the year. The Bank's portfolio of securities generated by its capital markets business declined further as planned.

MünchenerHyp remains very satisfied with risk situation in its property financing business. Results from operations after making provisions for risk increased by 10.3 million euros to 25.0 million euros. Net income amounted to 16.4 million euros, or 7 million euros more than recorded in the same year-ago period.

Starting in November 2014 MünchenerHyp will be placed under the direct supervision of the European Central Bank (ECB). In anticipation of the ECB's capital requirements the Bank significantly strengthened its level of capital during the first half of the year. This was achieved through a major effort to attract additional paid up capital. During the third quarter the Bank was still recording open subscriptions to purchase shares that were generated by these efforts. As a result MünchenerHyp's common equity Tier 1 capital ratio rose by over one percentage point from the end of the first half of 2014 to its current level of 12.3 percent. The ECB requires banks that it supervises to have a minimum common equity Tier 1 capital ratio of 8 percent. On September 30, 2014 MünchenerHyp had a core capital ratio of 15.6 percent and a total capital ratio of 19.7 percent.

As the Bank enters the final quarter it is confident that it will achieve its goals and will exceed the previous year's level of new business. "The effectiveness of our growth strategy is tirelessly gaining strength and will continue to have a favourable impact on our earnings power", noted Dr. Louis Hagen.



MünchenerHyp

For additional information please contact:

Dr. Phil Zundel
Head of Board of Management Staff, Organisation and
Human Resources
Münchener Hypothekenbank eG
Karl-Scharnagl-Ring 10, 80539 Munich
Telephone +49 89 5387-319
Telefax +49 89 5387-77319
E-Mail: Phil.Zundel@muenchenerhyp.de

Dr. Benno-Eide Siebs
Press Officer
Board of Management Staff, Organisation and
Human Resources
Münchener Hypothekenbank eG
Karl-Scharnagl-Ring 10, 80539 Munich
Telephone +49 89 5387-314
Telefax +49 89 5387-77314
E-Mail: Benno-Eide.Siebs@muenchenerhyp.de