

Press Release

MünchenerHyp's new residential and commercial property financing business expands

- New business grows by 63 percent to € 3.6 billion
- Loan portfolio expands by € 2.1 billion since end of 2018 to € 34.1 billion
- Strong demand by investors for Pfandbrief issues
- Strong increase in commissions paid lead to 4 percent decline in net interest and net commission income to € 98.2 million
- Good demand seen for property financing expected to remain unchanged

Munich, 22 August 2019 – Münchener Hypothekenbank eG (MünchenerHyp) recorded a strong increase in its new business results in the first half of 2019 as new commitments made for long term property financing totalled € 3.6 billion, or 63 percent more than the same year-ago figure.

The Bank posted notable gains in both its residential and commercial property financing areas of business. New residential property financing increased by 44 percent to € 2.0 billion with strong growth noted for all of the Bank's brokerage partners: German cooperative banks, independent financial service providers, as well as Swiss PostFinance. In addition, MünchenerHyp has been offering property financing to private customers in Austria since the end of May.

The Bank's new commercial property financing business grew even more strongly with a volume of about € 1.6 billion posted for the first six months, or almost double the same year-ago figure. The main emphasis in this area of business was on Germany where the volume of new loan commitments made totalled € 1.1 billion. "Last year we intensified our active market measures in both the residential and commercial property financing areas of business, in addition to improving our processes. Despite the unchanged challenging competitive environment facing our new business activities, these steps enabled us to increase our awareness in the market," said Dr Louis Hagen, the Chairman of the Board of Management of MünchenerHyp.



The Bank strengthened the volume of its foreign currency denominated issues in the Pfandbrief market. MünchenerHyp's total sales of 1.4 billion in Swiss franc denominated Mortgage Pfandbriefe in the first half of the year made it the foreign issuer with the highest placed volume of covered bonds in Switzerland. In addition, the Bank issued two large-volume Mortgage Pfandbriefe in benchmark format. The first issue of € 500 million was placed in April. The issue's term of 20 years gave it the distinction of having the longest term ever placed in the Pfandbrief market. This was followed in July with a US \$ 600 million Mortgage Pfandbrief with a term of three years and four months.

Net interest income rose by 2 percent over the figure reported for the first half of 2018 to € 140.8 million. In contrast, net interest and net commission income declined by 4 percent to € 98.2 million due to the Bank's successful new business results, which in turn led to a higher volume of commissions being paid.

The risk situation in the Bank's credit business remained stable thus allowing provisions made for business risks to remain moderate. Results from ordinary business activities amounted to € 39.7 million (30 June 2018: € 35.6 million). After deductions for tax expenses, the pro rata net income for the year totalled € 18.1 million (30 June 2018: € 22.7 million).

Total assets noted on 30 June 2019 amounted to € 43.1 billion following € 40.4 billion at the end of 2018. During the same period of time the Bank's portfolio of mortgage loans rose by € 2.1 billion to € 34.1 billion. In accordance with MünchenerHyp's strategic business direction, the capital markets portfolio was reduced by € 0.2 billion since the start of 2019 to € 4.3 billion.

On 30 June 2019 the Bank's Common Equity Tier 1 capital ratio and Tier 1 capital ratio were both 19.9 percent (31 December 2018: 21.7 percent each). The Bank's total capital ratio stood at 20.7 percent (31 December 2018: 22.9 percent).

MünchenerHyp anticipates that demand for property financing will remain favourable for the remainder of the business year with new business results at the level noted in the first half of the year. As this outlook is coupled with rising costs for commissions the Bank expects a slight decline in its net interest and net commission figure. "Despite deteriorating economic forecasts we are confident that MünchenerHyp's favourable development in the lending business will continue," said Dr Louis Hagen.

MünchenerHyp is releasing its financial statements for the first half of 2019 today.



MünchenerHyp

For additional information please contact:

Dr Phil Zundel
Head of Board of Management Staff | Organisation |
Human Resources
Münchener Hypothekenbank eG
Karl-Scharnagl-Ring 10, 80539 Munich
Telephone +49 89 5387-2000
E-Mail: Phil.Zundel@muenchenerhyp.de

Dr Benno-Eide Siebs
Press spokesman
Board of Management Staff | Organisation |
Human Resources
Münchener Hypothekenbank eG
Karl-Scharnagl-Ring 10, 80539 Munich
Telephone +49 89 5387-2020
E-Mail: Benno-Eide.Siebs@muenchenerhyp.de