

Press Release

MünchenerHyp continues solid development – new business at high level

- Volume of new lending commitments made in first half at € 3.2 billion is second highest ever following previous year's record-setting € 3.6 billion
- Net interest and net commission income up 13 percent to € 111.3 million
- Loan portfolio increases by € 1.7 billion since end of 2019 to € 37.1 billion

Munich, 20 August 2020 – During the first half of 2020 Münchener Hypothekenbank eG (MünchenerHyp) was able to post higher results despite the burdens posed by the coronavirus pandemic. Continued favourable new business performance generated a 17 percent increase in net interest income over the same year-ago figure to € 165.1 million while the net interest and net commission income rose by 13 percent to € 111.3 million.

The property bank, which operates as a cooperative, was also pleased with its new business results in the first half as it made a total of € 3.2 billion in new property financing commitments. Although this is 10 percent less than the record-setting volume of € 3.6 billion in new lending commitments made in the first half of 2019, it is still the second highest figure ever recorded by MünchenerHyp for a half-year result.

The residential property financing area of business, in particular, continued to record overall favourable development. This was primarily due to the strength of the German residential property market that saw demand remain robust even under conditions arising from the coronavirus pandemic. New business with cooperative banks within the Cooperative Financial Network increased by 8 percent to € 1.5 billion. Business with independent financial service providers declined to € 266 million (30 June 2019: € 396 million), as did business with Swiss PostFinance, which amounted to € 129 million (30 June 2019: € 164 million). In total,



MünchenerHyp's new residential property lending business amounted to € 1.95 billion, or only € 41 million below the previous year's results.

Although the coronavirus pandemic led to a decline in financing inquiries in the area of commercial property lending, they did not, however, stop at any time. New business in this area of activities totalled € 1.25 billion during the first half or € 300 million less than in the same year-ago period. Germany was accounting for the majority of new business along with the office property and residential property portfolio segments.

"We have demonstrated that we were able to reliably support our customers and partners even under the extraordinary challenges of the coronavirus pandemic", said Dr. Louis Hagen, the Chairman of the Board of Management of MünchenerHyp.

Furthermore, MünchenerHyp was also able to refinance its activities at good conditions at all times during the peak of the coronavirus pandemic with a focus on private placements denominated in euros and Swiss francs. During the first half of the year the Bank's large volume issues primarily consisted of uncovered bonds, including a CHF 240 million green senior non-preferred bond, which stood out as it was the first time a green security was issued in this asset class. The issue met very great demand.

During the first half of the year the risk situation in the Bank's lending business was stable, although significantly higher provisions for risk were already made as a precautionary measure made in order to be prepared for possible loan defaults in the second half. Results from ordinary activities amounted to € 26.9 million (30 June 2019: € 39.7 million), as the previous year's figure included a one-time special effect. After deductions for tax expenses, the pro rata temporis net income for the year totalled € 13.2 million (30 June 2019: € 18.1 million).

Total assets rose by 13 percent since the start of the 2020 to € 48.3 billion, while the Bank's portfolio of mortgage loans increased by € 1.7 billion during the same period of time to € 37.1 billion. In line with MünchenerHyp's strategic business direction, the capital markets business portfolio declined by € 0.2 billion since the start of 2020 to € 3.9 billion.

On 30 June 2020 the Bank's Common Equity Tier 1 capital ratio was 18.6 percent (31 December 2019 19.8 percent). This is well above the legal and regulatory requirements. The Tier 1 capital ratio was 20.1 percent (31 December 2019: 21.4 percent) and the Bank's total capital ratio stood at 20.6 percent (31 December 2019: 22.1 percent).



The outlook for the second half of the year is marked by uncertainty concerning the further development of the economy and the pandemic situation. Provided there is no further lockdown, MünchenerHyp anticipates generally favourable business opportunities in both its residential and commercial property financing areas of business. However, it does not expect that new business will be able to reach the previous year's record results. The Bank expects net income to be below the previous year's level.

MünchenerHyp will release its financial report for the first half of 2020 today.

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