

Press Release

MünchenerHyp increases earnings in the first half of 2022

- Net interest and commission income rises by 22 percent to € 152.6 million
- New mortgage business increases by 15 percent to € 3.5 billion
- Portfolio of mortgage loans grows by 4.2 percent since beginning of year to € 43.4 billion

Munich, 25 August 2022 – Münchener Hypothekenbank eG (MünchenerHyp) continued on its course of growth during the first half of 2022 and further increased its earnings. Net interest and commission income rose over the same year-ago period by 22 percent to € 152.6 million.

The background for the further strengthening of earnings power is, in addition to a premium for targeted longer-term refinancing transactions (TLTRO III) with the ECB, in particular the positive development of the Bank's new mortgage business. The volume of new lending commitments made climbed by 15 percent to € 3.5 billion.

Of this amount, the business segment of private residential property financing accounted for € 2.2 billion for a gain of 5 percent. This reflects increases in both the business brokered by the cooperative banks, which rose by 11 percent to € 1.6 billion, as well as sales generated by independent providers of financial services, which increased by 6 percent to € 461 million. The good results were driven in part by the fact that many customers wanted to lock-in the most favourable conditions for new and follow-on financing in the face of sharp increases in interest rates and construction costs.

The Bank's new commercial property financing business rose by 34 percent to € 1.3 billion. Business in Germany, which the Bank was able to significantly expand significantly, accounted for about 80 percent of the increase. The volume of new business in the international segment fell slightly by € 31 million compared to the year-ago period to € 269 million.



“Overall conditions for property financing have changed considerably due to the dynamic development of interest rates, high inflation and the war in the Ukraine. For this reason, we are pleased that we were able to once again increase our new business and our earnings”, said Dr. Louis Hagen, CEO of MünchenerHyp.

Since the beginning of 2022 the portfolio of mortgage loans increased by 4.2 percent to € 43.4 billion due to the favourable development of new business. The Bank’s capital market business portfolio with sovereigns and banks totalled € 3.6 billion and was at the level noted at the end of 2021.

MünchenerHyp’s Pfandbrief issues met with very strong investor demand. In April the Bank issued its first green Jumbo Mortgage Pfandbrief with a volume of € 1 billion and a term of seven years and ten months. By the time the order book was closed after two hours the issue had been oversubscribed by a factor of 2.7. MünchenerHyp already issued a € 750 million Mortgage Pfandbrief with a term of seven years in January. Last week MünchenerHyp again very successfully issued another € 1 billion Jumbo Mortgage Pfandbrief with a term of ten years.

Issues denominated in Swiss francs were a further key aspect of the Bank’s refinancing activities. During the first half of 2022 the Bank issued securities with a total volume of 675 million Swiss francs in the capital market. MünchenerHyp also successfully issued an Additional Tier 1 bond in the amount of 75 million Swiss francs in May for the purpose of optimising its structure of its equity capital.

MünchenerHyp’s level of equity capital remains very solid and is notably higher than the legal and supervisory requirements. As of 30 June 2022, the Bank’s Common Equity Tier 1 ratio was 18.9 percent (31 December 2021: 20.4 percent). The Tier 1 capital ratio was 21.2 percent (31 December 2021: 21.9 percent), while the total capital ratio was 21.7 percent (31 December 2021: 22.5 percent).

Credit risks remained at a stable low level due to MünchenerHyp’s conservative risk policy. Nevertheless, the Bank made provisions for potential as yet indeterminate risks in view of the economic uncertainties and growing signs that the property business is cooling.

As of 30 June 2022, results from ordinary business activities increased to € 60.8 million (30 June 2021: € 39.7 million).



The Bank expects that the remaining half of the business year will be marked by growing challenges: “The turnaround in interest rates and the war in the Ukraine will increasingly affect the property market. We therefore anticipate a more restrained new business in the second half of the year. With our long term strategic orientation we also view ourselves as well prepared for a changing market environment and expect that we will essentially reach our objectives for 2022”, said Dr. Louis Hagen.

MünchenerHyp is releasing its financial report for the first half of 2022 today at www.muenchenerhyp.com.

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