

Press release

Münchener Hypothekbank increases earnings and bolsters reserves

- Net interest income rises by 17 percent to EUR 518.5 million
- Mortgage loan portfolio increases to EUR 46.5 billion
- Reserves and fund for general banking risks bolstered by EUR 110 million
- Loan loss provisions expanded in view of market trends

Munich, 22 April 2024 – Münchener Hypothekbank generated very solid business results in the 2023 financial year. A specialist in the field of long-term property financing, the Bank succeeded in boosting its profitability considerably. Net income rose, as did net interest income. Despite the difficult situation on the property financing markets, which the Bank responded to in the form of higher loan loss provisions, it was also able to significantly bolster its reserves.

“We are very satisfied with the results for 2023. In a challenging market environment, we further expanded our earnings base and, as a result of higher earnings, we are able to pay our members an attractive dividend,” said Dr Holger Horn, Chairman of the Board of Management of Münchener Hypothekbank.

Loan portfolio further expanded

The portfolio of mortgage loans increased to EUR 46.5 billion (2022: EUR 44.3 billion). Private residential property financing in Germany was once again the highest growth segment.

Uncertainties in the property markets due to the weak economy and high interest rates had a considerable adverse impact on demand for financing for residential and commercial property. In light of this, Münchener Hypothekbank’s new business declined last year to EUR 2.9 billion (2022: EUR 5.4 billion). In overall terms, the Bank succeeded in expanding its new business: through loans totalling EUR 1.5 billion that were taken over from Warburg Hypothekbank and through the use of opportunities for providing public financing, which amounted to EUR 2.2 billion (EUR 0.5 billion).

Strong earnings growth

Net interest income rose to EUR 518.5 million (2022: EUR 442.5 million). The rise was attributable to higher interest rates and the growth of the mortgage portfolio.

Negative net commission expenses improved year on year to minus EUR 67.5 million (2022: minus EUR 109.6 million) due to lower new business. This resulted in net interest and commission income of EUR 450.9 million (2022: EUR 332.8 million). Administrative expenses amounted to EUR 164.6 million and were only slightly higher than in the previous year (2022: EUR 156.1 million).

Mainly because of the situation in the office property markets, the Bank expanded its loan loss provisions to around EUR 100 million. An additional EUR 17 million was allocated to the creation of collective as well as voluntary loan loss provisions.

After tax expenses of EUR 66.2 million (2022: EUR 64.9 million), net income stood at EUR 102.1 million (2022: EUR 68.3 million). Own funds were strengthened through additions to the fund for general banking risks totalling EUR 59 million and through an allocation to statutory reserves in the amount of EUR 51 million. Based on these annual financial statements, the Delegates Meeting last Friday approved the payment of a dividend of 4.0 percent per cooperative share (2022: 3.0 percent).

Own funds increased to EUR 2.36 billion (2022: EUR 1.95 billion). At year-end 2023, the common equity Tier 1 ratio stood at 16.5 percent (2022: 19.0 percent). The total capital ratio was 22.2 percent (2022: 21.9 percent).

Funding at favourable terms

The capital markets environment was marked by high inflation rates and by interest rate hikes. Even under these changed overall conditions, Münchener Hypothekbank was able to obtain funding at favourable terms owing to its outstanding reputation as an issuer.

With an issue volume totalling EUR 6.7 billion, Mortgage Pfandbriefe continued to be the most important source of funding for Münchener Hypothekbank. Three Mortgage Pfandbriefe that the Bank issued in benchmark and jumbo format attracted great interest from international investors.



Another issue focus was on sustainable securities. Münchener Hypothekenbank placed EUR 1.5 billion in this segment, including two green benchmark Mortgage Pfandbriefe with a volume of EUR 500 million each, which were also in high demand.

Outlook

Münchener Hypothekenbank does not expect the property markets and property financing markets to experience any sustained change in direction in 2024. It therefore believes that demand on the transaction and financing market will recover slowly and that new business will remain modest. In terms of the operating result after loan loss provisions, the Bank expects a slight increase compared with 2023, with loan loss provisions declining. Overall, Münchener Hypothekenbank anticipates a stable result for 2024.

The 2023 Annual Report is published at www.mhb.de/en.

For further information please contact:

Dr Phil Zundel
Head of Central Services
Münchener Hypothekenbank eG
Karl-Scharnagl-Ring 10 | 80539 Munich
Tel. +49 89 5387-2000
Phil.Zundel@mhb.de

Dr Benno-Eide Siebs
Press Spokesperson
Head of Communication and Marketing Department
Central Services
Münchener Hypothekenbank eG
Karl-Scharnagl-Ring 10 | 80539 Munich
Tel. +49 89 5387-2020
Benno-Eide.Siebs@mhb.de