MünchenerHyp

MÜNCHENER HYPOTHEKENBANK eG

Disclosure Report as at June 30, 2016

in accordance with EBA guidelines

on disclosure (EBA/GL/2014/14)

Structure of equity capital and capital ratios

		30 June 2016 (in € m)	30 June 2016 Fully loaded CRR/CRD [1] (in € m)
Common equity Tier 1 capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	709,2	709,2
	of which, paid up capital	709,2	709,2
2	Revenue reserves	283,8	283,8
3	Funds for general banking risk	23,0	23,0
4	**Common equity Tier 1 capital before regulatory adjustments (sum of lines 1 to 3)**	**1.016,0**	**1.016,0**
Common equity Tier 1 (CET1) capital: regulatory adjustments			
5	Intangible assets (net of related tax liability) (negative amount)	-3,6	-6,0
6	Negative amounts resulting from the calculation of expected loss amounts	-0,7	-1,1
7	Excess of deduction from AT1 items over AT1 Capital	-2,6	0,0
8	**Total regulatory adjustments to common equity Tier 1 (CET1) (sum of lines 5 to 7)**	**-6,9**	**-7,1**
9	**Common equity Tier 1 (CET1) capital (sum of lines 4 and 8)**	**1.009,1**	**1.008,9**
Additional Tier 1 (AT 1) capital: instruments			
10	**Additional Tier 1 (AT 1) capital before regulatory adjustments**	**0,0**	**0,0**
Additional Tier 1 (AT 1) capital: regulatory adjustments			
11	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from common equity Tier 1 capital during the transitional period pursuant to Article 472 of Regulation (EU) No 575/2013	-2,6	0,0
	of which, intangible assets	-2,4	0,0
	of which, shortfall of provisions to expected losses	-0,2	0,0
12	Excess of deduction from AT1 items over AT1 Capital (deducted in CET1)	2,6	
13	**Total regulatory adjustments to additional Tier 1 (AT1) capital (sum of lines 11 and 12)**	**0,0**	**0,00**
14	**Additional Tier 1 (AT 1) capital (sum of lines 10 and 13)**	**0,0**	**0,0**
16	**Tier 1 capital (T1 = CET1 + AT1) (sum of lines 9 and 14)**	**1.009,1**	**1.008,9**
Tier 2 (T2) capital: instruments and provisions			
17	Capital instruments and the related share premium accounts	106,1	106,1
18	Credit risk adjustments	0,8	0,8
19	**Tier 2 (T2) capital before regulatory adjustments (sum of lines 17 and 18)**	**106,9**	**106,9**
Tier 2 capital : regulatory adjustments			
20	Residual amounts deducted from Tier 2 capital with regard to deduction from CET1 capital during the transitional period pursuant to Article 472 of Regulation (EU) No 575/2013	-0,2	0,0
	of which, shortfall of provisions to expected losses	-0,2	0,0
21	**Total regulatory adjustments to Tier 2 (T2) capital**	**-0,2**	**0,0**
22	**Tier 2 (T2) capital (sum of lines 19 and 21)**	**106,7**	**106,9**
23	**Total regulatory capital (TC = T1 + T2) (sum of lines 16 and 22)**	**1.115,8**	**1.115,8**
Total risk-weighted assets			
24	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	5.109,2	5.109,2
25	Operational risk (Basic indicator approach)	229,2	229,2
26	CVA-risk (based on standardised method)	382,2	382,2
27	Risk exposure amount for contributions to the default fund of a CCP	0,3	0,3
28	**Total risk exposure amount (sum of lines 24 to 27)**	**5.720,9**	**5.720,9**
Capital ratios			
29	CET 1 capital ratio (as a percentage of total risk exposure amount)	17,6%	17,6%
30	Tier 1 capital ratio (as a percentage of total risk exposure amount)	17,6%	17,6%
31	Total capital ratio (as a percentage of total risk exposure amount)	19,5%	19,5%

[1] Fully loaded CRR/CRD: No consideration of transitional regulations set out in CRR/CRD 4

Risk exposure values for portfolios subject to Internal ratings based Approach (IRBA) as at June 30, 2016

A. According to exposure classes

	Exposure [2] (in € m)	Risk-weighted assets (in € m)	Equity capital requirement (in € m)
Central governments and central banks	0,0	0,0	0,0
Institutions	2.508,4	790,9	63,3
Corporates	7.352,0	2.118,9	169,5
Retail business	21.921,7	1.474,0	117,9
Equity	0,0	0,0	0,0
Securitisation positions	0,0	0,0	0,0
Other non credit-obligation assets	105,5	105,5	8,4
Total	**31.887,6**	**4.489,3**	**359,1**

B. Positions in the basic IRBA split into risk classes and exposure classes

	PD ≤ 0,03%	0,03% < PD ≤ 0,1%	0,1% < PD ≤ 0,5%	0,5% < PD <100%	PD = 100%	Total
	AAA-AA	A	BBB	BB-C	Default	
Exposure [2] (in € m)						
Institutions	666,4	605,6	801,5	434,9	0,0	2.508,4
Corporates	0,0	3.902,4	2.928,5	449,0	72,1	7.352,0
of which, SME	0,0	2.376,3	2.550,4	424,2	72,1	5.423,0
Average risk weighting [3] (in %)						
Institutions	14,4%	25,1%	39,8%	51,4%	0,0%	31,5%
Corporates	0,0%	18,5%	37,3%	67,4%	0,0%	28,8%
of which, SME	0,0%	17,0%	36,6%	66,7%	0,0%	29,9%

C. Exposure values and risk classes for the retail exposure class

	Range	Range	Range	Range	Range	Total
	EL ≤ 0,05%	0,05% < EL ≤ 0,5%	0,5% < EL ≤ 5%	5% < EL ≤ 25%	25% < EL ≤ 100%	
Exposure [2] (in € m)						
IRBA Retail business exposure secured by mortgage liens	18.849,1	2.662,6	338,4	24,9	46,7	21.921,7
Average risk weighting [3] (in %)						
IRBA Retail business exposure secured by mortgage liens	2,8%	16,8%	82,4%	202,7%	356,1%	6,7%
Average loss given default rate [3] (in %)						
IRBA Retail business exposure secured by mortgage liens	12,6%	27,3%	21,6%	34,2%	52,7%	14,7%

Risk exposure values for portfolios subject to Standardised approach (SA) as at June 30, 2016

	Exposure [2] (in € m)	Risk-weighted assets (in € m)	Equity capital requirement (in € m)
Central governments and central banks	793,3	13,9	1,1
Regional governments and local authorities	4.504,1	5,5	0,4
Public sector entities	748,4	4,9	0,4
Multilateral development banks	132,1	0,0	0,0
International organisations	0,0	0,0	0,0
Institutions	34,9	31,2	2,5
Corporates	336,5	336,5	27,0
Retail exposures	2,4	1,7	0,1
Secured by mortgages on immovable property	83,9	34,5	2,8
Exposures in default	43,0	64,0	5,1
Exposures associated with particularly high risk	4,7	7,0	0,6
Covered bonds	0,0	0,0	0,0
Securitisation positions	0,0	0,0	0,0
Institutions and corporates with a short-term credit assessment	0,0	0,0	0,0
Units or shares in collective investment undertakings (CIUs)	0,0	0,0	0,0
Equity exposures (Grandfathering)	110,5	110,5	8,8
Other items	10,2	10,2	0,8
Total	**6.804,0**	**619,9**	**49,6**

[2] Exposure: Exposure value after the inclusion of credit conversion factors (CCF) and risk mitigation measures
[3] Exposure weighted average value

Leverage ratio common disclosure

		30 June 2016 (in € m)	30 June 2016 Fully loaded CRR/CRD [1] (in € m)
On-balance sheet exposures (excluding derivatives and SFT)			
1	On-balance sheet items (excluding derivatives, SFTs and own holdings but including collateral)	37.776,6	37.776,6
2	(Asset amounts deducted in determining Tier 1 capital)	-6,9	-7,1
3	**Total on-balance sheet exposures (excluding derivatives and SFTs and fiduciary assets) (sum of lines 1 and 2)**	**37.769,7**	**37.769,5**
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (i.e. except eligible margin deposits received in cash)	74,9	74,9
5	Add-on amount for potential future exposure associated with derivatives transactions (mark-to-market method)	449,8	449,8
6	(Deductions of receivables assets for cash variation margin provided in derivatives transactions))	-2.689,5	-2.689,5
7	**Total derivatives exposures (sum of lines 4 to 6)**	**-2.164,8**	**-2.164,8**
Securities financing transactions (SFTs) exposure			
8	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	13,2	13,2
9	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-13,2	-13,2
10	Counterparty credit risk exposure for SFT assets	0,0	0,0
11	**Total SFT exposures (sum of lines 8 to 10)**	**0,0**	**0,0**
Other off-balance sheet exposures			
12	Off-balance sheet exposures at gross notional amount	3.290,7	3.290,7
13	(Adjustments for conversion to credit equivalent amounts)	-1.714,8	-1.714,8
14	**Other off-balance sheet exposures (sum of lines 12 and 13)**	**1.575,9**	**1.575,9**
Equity capital and Leverage ratio total exposure measure			
15	**Tier 1 capital**	**1.009,1**	**1.008,9**
16	**Leverage ratio total exposure measure (sum of lines 3, 7, 11 and 14)**	**37.180,8**	**37.180,6**
Leverage ratio und choice on transitional arrangements for the definition of the capital measure			
17	**Leverage ratio (in %)**	**2,71%**	**2,71%**
18	Choice on transitional arrangements for the definition of the capital measure	Transitional	Fully phased in

[1] Fully loaded CRR/CRD: No consideration of transitional regulations set out in CRR/ CRD 4

Further information

In May 2016, Münchener Hypothekenbank EC signed an agreement with GFW Capital GmbH to terminate a silent participation in the Bank effective 30 June 2016. Hybrid capital instruments in the amount of EUR 140 million, which can only be recognised during the transitional period as additional tier 1 capital, are no longer included in Tier 1 capital as of 30 June 2016.

Due to the current lack of a binding leverage ratio figure, the leverage ratio only represents one – albeit a particularly one – observed ratio for MünchenerHyp. Changes in the observed ratio are continuously monitored and analysed.