



Press Release

MünchenerHyp posts record results for its 2015 business year

- Earnings power notably strengthened: Net interest income and net commission income surges 40 percent to € 154.7 million
- New record set in new mortgage business: Up by 9.3 percent to € 4.9 billion
- Mortgage loan portfolio expands by 9 percent to € 25.7 billion

Munich, April 7, 2016 – Münchener Hypothekbank eG posted record results for its 2015 business year. Net interest income and net commission income improved by a substantial 40 percent to € 154.7 million. “Our success is primarily driven by our growth strategy which we have decisively realised in the previous years. This has enabled us to notably strengthen our earnings power despite the enormous costs we incurred to meet regulatory requirements”, said Dr. Louis Hagen, the Chairman of Münchener Hypothekbank’s Board of Management, during the presentation of the 2015 business results.

MünchenerHyp was also able to expand the record results it posted in 2014 for its new mortgage business. In 2015 the Bank made new property loan commitments of € 4.9 billion, or 9.3 percent more than in the previous year. MünchenerHyp noted gains in both the residential and commercial property financing areas of business. The volume of new lending commitments made by the Bank in the residential property segment exceeded the previous year’s high level by 6.5 percent and rose to € 3.6 billion. MünchenerHyp’s most important partners were once again the banks within the Cooperative Financial Network as they generated a volume of new business that exceeded the previous year’s performance by 9.3 percent and totalled € 2.7 billion. The Bank increased its volume of new business in the commercial property finance segment – including financing business with commercial housing companies – by 18 percent to € 1.3 billion. The risk situation in the Bank’s lending business remained stable and allocations to provisions for risk were again moderate.



MünchenerHyp's refinancing activities were also successful in 2015 as it placed four major volume Mortgage Pfandbriefe, all of which were benchmark format issues. All issues were priced below the mid-swap rate. Furthermore, the Bank's work as an issuer was again honoured as the best issuer of covered bonds and Pfandbriefe.

By 31 December 2015 total assets had risen by € 1.8 billion over the same year-ago figure to €38.1 billion. The portfolio of mortgage loans rose by € 2.1 billion to €25.7 billion. Domestic residential property financing was once again the fastest growing area of business as it expanded by € 1.6 billion. MünchenerHyp's portfolio of loans arising from its lending business with the public-sector and banks contracted in line with the Bank's business and risk strategy from €9.4 billion to €8.2 billion.

MünchenerHyp continues to have a very solid level of equity capital. At the end of 2015 the Bank's common equity Tier 1 capital ratio was 17.3 percent (previous year: 12.5 percent). This figure significantly exceeds the minimum common equity Tier 1 capital ratio of 9.25 percent set by the ECB for MünchenerHyp in its Supervisory Review and Evaluation Process (SREP). The Bank's Tier 1 capital ratio was 19.5 percent (previous year 14.2 percent) on 31 December 2015 while its total capital ratio was 24.2 percent (previous year 18.3 percent).

MünchenerHyp's strengthened earnings power was able to offset the increase in total administrative expenses, which rose by 9.1 percent to €88.9 million. The reasons behind the increase were once again costs incurred to meet extensive supervisory requirements as well as the first-time expense of the European bank levy. Results from operations after deducting provisions for risk more than doubled to €56.3 million. After transferring €8.4 million to the Fund for General Banking Risks, and deducting tax expenses of €25.7 million, annual net income amounted to €22.2 million (previous year: €16.1 million).

In view of the unbroken high demand for property, MünchenerHyp believes that competition will further intensify in the residential and commercial property financing sectors. "Based on the close customer relationships and sales strength of our brokerage partners, as well as the attractiveness of our financing solutions, we are, however, confident that we will once again be able to achieve good new business results. This will favourably influence the Bank's performance. For this reason we anticipate that our results for 2016 will be at the previous year's level", said Dr. Louis Hagen.



MünchenerHyp

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MünchenerHyp

Business Development *	2015	2014	Change
	€ millions	€ millions	%
Lending Business	5,521	5,297	4
- Mortgage loans	4,850	4,436	9
- Loans to public sector and banks	671	861	-22
Refinancing funds obtained	7,864	3,393	132

Balance Sheet *

Total assets	38,099	36,340	5
Mortgage loans	25,678	23,556	9
Loans to public sector and banks	8,235	9,421	-13
Pfandbriefe and other promissory notes	32,463	31,117	4
Liable equity capital	1,372	1,378	0

Income Statement*

Net interest income and net commission income	155	111	40
Administrative expenses	89	82	9
Results from operations before deducting provisions for risks	61	27	127
Results from operations after deducting provisions for risks	56	27	107
Transfer to the Fund for General Banking Risks	-8	-5	60
Net income	22	16	38

Employees

	number	number	
Average number of employees per year	493	462	7
Apprenticed trainees	20	18	11

* Amounts have been rounded