

Press Release

## **MünchenerHyp meets ECB's equity capital requirements**

- Asset Quality Review (AQR) confirms high quality of loan portfolio and appropriateness of risk provisions
- Minimum ratios defined in stress test notably exceeded following capital increase that took place this year
- Board of Management Spokesman Dr. Louis Hagen: "Our level of capitalisation and good business performance allow us to look ahead to the future with great confidence."

Munich, October 26, 2014 – Münchener Hypothekbank eG is well prepared for the European Central Bank (ECB) to take over supervision of the Bank. This is based on the results of the Comprehensive Assessment that were announced today by the ECB. MünchenerHyp achieved excellent grades within the scope of the Asset Quality Review. The subsequent stress test that was carried out based on the annual financial statements for 2013 revealed that the Bank did not meet the required minimum common equity Tier 1 capital ratio. However, the Bank vastly exceeded the minimum level following the capital increase that took place during 2014. "We are pleased that the ECB audit has confirmed the solid standing of MünchenerHyp and its business model", said Dr. Louis Hagen, Spokesman for the Münchener Hypothekbank's Board of Management.

MünchenerHyp passed the Asset Quality Review with flying colours. No corrections were needed. In particular, the AQR certified that the Bank had made more than adequate provisions for risk. These results reflect the Bank's very cautious approach and that it makes sufficient provisions for risks on a timely basis. "We feel that these results underline the value of our very low risk business policy. We will continue our successful growth strategy based on this platform", noted Dr. Louis Hagen.

MünchenerHyp already knew that it needed to raise its common equity Tier 1 capital ahead of the stress test based on the annual financial statements for 2013. This resulted in the Bank initiating a successful effort to attract additional paid up capital from within the Cooperative Financial Network



## MünchenerHyp

and among private members of the cooperative. These efforts provided the Bank an additional 415 million euros of common equity Tier 1 capital and also raised its common equity Tier 1 capital ratio to 12.3 percent as of September 30th 2014. This level of capital enabled the Bank to significantly exceed the required minimum ratios set out in the two stress test scenarios for the entire review period (see chart).

Last week MünchenerHyp announced its business results for the period ending September 30, 2014, which showed that the 2014 business year is very successful. The figures revealed that the Bank increased its new property finance business by 22 percent to 3.2 billion euros while net income for the period amounted to 16.4 million euros, or 75 percent more than in the same year-ago period. Dr. Louis Hagen stated: “Our level of capitalisation and our good business performance allow us to look ahead to the future with great confidence.”

For additional information please contact:

Dr. Phil Zundel  
Head of Board of Management Staff, Organisation and  
Human Resources  
Münchener Hypothekenbank eG  
Karl-Scharnagl-Ring 10, 80539 Munich  
Telephone +49 89 5387-319  
Telefax +49 89 5387-77319  
E-Mail: [Phil.Zundel@muenchenerhyp.de](mailto:Phil.Zundel@muenchenerhyp.de)

Dr. Benno-Eide Siebs  
Press Officer  
Board of Management Staff, Organisation and  
Human Resources  
Münchener Hypothekenbank eG  
Karl-Scharnagl-Ring 10, 80539 Munich  
Telephone +49 89 5387-314  
Telefax +49 89 5387-77314  
E-Mail: [Benno-Eide.Siebs@muenchenerhyp.de](mailto:Benno-Eide.Siebs@muenchenerhyp.de)



MünchenerHyp



MünchenerHyp

### MünchenerHyp: Stress test results for common equity Tier 1 capital ratio before and after capital increase

