

Press Release

## **MünchenerHyp records a strong first six months for 2014**

Munich, August 26, 2014 – Münchener Hypothekenbank eG stated today that it was very satisfied with the development of its business during the first half of 2014 as new business increased by 24 percent. Up until June 30, 2014 the Bank had made € 2.1 billion in property loans (previous year € 1.7 billion). Earnings also improved substantially. Net interest income and net commission income rose by 13 percent to € 53.5 million. “We were able to further increase last year’s good results and are making good progress towards the planned increase of our earnings power“, said Dr. Louis Hagen, Spokesman for the Münchener Hypothekenbank’s Board of Management, during today’s announcement of the Bank’s first half year results.

MünchenerHyp was able to significantly expand its new business with all of its collaborating partners. The greatest gain was recorded for the Bank’s brokerage business with its partner banks within the Cooperative Financial Network. According to Dr. Louis Hagen, “This area of our business also benefited from the good overall conditions in the German residential property market, but above all from the sales strength and close customer proximity of our partners in the Cooperative Financial Network.”

The Bank’s commercial property finance business was at the previous year’s level with Germany the unchanged primary focus of its lending activities.

MünchenerHyp continued to be able to tap the capital markets for refinancing funds at very good conditions. In the spring the Bank placed a ten-year Mortgage Pfandbrief with a benchmark volume of € 500 million. Demand was very strong for this issue. In addition, MünchenerHyp was voted the best “Covered Bond & Pfandbriefbank 2014” in an international survey of major banking clients conducted by Euromoney, a trade publication.



## MünchenerHyp

The Bank's risk situation in its property finance business remained very satisfactory. As of June 30, 2014 results from operations after making provisions for risk had risen by € 5.6 million over the same year-ago figure to € 16.7 million. After deduction of tax expenses MünchenerHyp recorded a pro rata temporis net income figure for the year of € 11.1 million (previous year € 5.4 million).

Total assets posted at mid-year amounted to € 35.7 billion or € 0.8 billion more than the figure noted at the close of 2013. Due to the favourable development of its new business activities the Bank was once again able to expand its mortgage portfolio, which grew to € 22.2 billion in the first half of the year following € 21.5 billion recorded on December 31, 2013. The Bank's portfolio of securities generated by its capital markets business declined further as planned and at the mid-year point amounted to € 9.9 billion in contrast to the € 10.3 billion noted at the end of 2013.

As of November 2014 MünchenerHyp will be placed under the direct supervision of the European Central Bank (ECB) as the value of its total assets exceeds €30 billion.

MünchenerHyp increased its capital resources substantially during the first half of 2014 as part of its efforts to fulfil the ECB's supervisory requirements. The Bank achieved this by successfully attracting about € 370 million in additional paid up capital from the Cooperative Financial Network and an additional € 30 million from its private members.

On June 30, 2014 MünchenerHyp had a common equity Tier 1 capital ratio of 11.1 percent following 6.3 percent recorded at the end of 2013. This figure significantly exceeds the 8 percent minimum ratio required by the ECB. During the same period the Bank's core capital ratio grew from 11.7 percent to 14.4 percent, while the total capital ratio increased from 16.7 percent to 18.6 percent. "In our view, with this level of equity capital we are sufficiently capitalised and well prepared to meet the coming regulatory requirements. We also intend to continue our successful growth strategy based on this foundation", said Dr. Louis Hagen.

Despite the heavy burdens created by the current ECB review, MünchenerHyp intends to continue the success it has experienced in the first six months of the year and is striving to achieve a higher volume of new business especially in its residential property financing area of business than it recorded in the previous year. "We continue to expect to see high demand for property financing, especially in Germany, as overall conditions in the property market remain favourable", remarked Dr. Louis Hagen. The Bank also anticipates that it will be able to increase its net income for the year.



## MünchenerHyp

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