



## Press Release

### **MünchenerHyp remains on course – Earnings rise – Portfolios expand**

Munich, 26 October 2020 – Münchener Hypothekbank eG (MünchenerHyp) continued to develop favourably in the third quarter. Net interest income rose to € 255.2 million during the first nine months of the year, for a gain of 16.3 percent over the same year-ago period. Furthermore, the portfolio of mortgage loans continued to grow and increased by about € 2.0 billion since the start of the year to € 37.4 billion on 30 September 2020.

The expansion of the portfolio was driven by continued good new business results. By the end of the third quarter MünchenerHyp had made new property loan commitments of € 4.4 billion. This figure represents a 12 percent decline compared to the same period a year ago. The Bank attributes this, in particular, to shrinking demand for commercial property financing due to the corona pandemic. As of 30 September the volume of loan commitments made in this segment of the Bank's business had decreased by a quarter from the year-ago figure to € 1.5 billion. "Our customers appreciate the fact that we are generally willing to provide financing, even under these exceptional circumstances. After adjusting our planning we were able to commit to good and risk-compatible new business, especially in the German property market, which is still viewed as a safe harbour by investors", said Dr. Louis Hagen, the Chairman of the Board of Management of MünchenerHyp.

New business in the residential property area of business amounted to € 2.9 billion, or just € 68 million below the results posted on 30 September 2019. Dr. Hagen further stated that: "The year 2019 was an exceptional year for new business and cannot be easily repeated, especially under the conditions of a global pandemic. The fact that our new business remained at a high level reflects our standing as a strong and attractive provider of financing, and that demand for residential property also remained robust".



At the beginning of September 2020 MünchenerHyp issued a € 500 million benchmark Mortgage Pfandbrief with a term of 15 years to assure long loan terms with matching maturities. Demand for the Pfandbrief was very strong and it was oversubscribed more than three times within a short time. The issue was priced at 7 basis points above mid-swap and has a coupon of 0.125 percent.

Despite the ongoing corona pandemic, the risk situation continued to develop unremarkably. Thus far, the financing portfolio has not noted any significant effects, although the Bank did take the precautionary measure of making higher allocations to provisions for possible loan losses as the future consequences of the corona pandemic on the property and property finance markets are very difficult to assess.

Results from ordinary business activities recorded on 30 September 2020 amounted to € 45.7 million (30 September 2019: € 58.3 million). After deductions for tax expenses, the pro rata temporis net income for the year totalled € 23.7 million (30 September 2019: € 30.9 million).

Over the course of the year total assets increased by about € 6.0 billion to € 48.8 billion as of 30 September 2020, while on the same date the Bank's Common Equity Tier 1 capital ratio was 18.7 percent (31 December 2019: 19.8 percent ), and remained well above the statutory and regulatory requirements. The Tier 1 capital ratio was 20.3 percent (31 December 2019: 21.4 percent), while the Bank's total capital ratio stood at 20.8 percent (31 December 2019: 22.1 percent).

The Bank anticipates that the fourth quarter will see a continuation of the developments seen in the first nine months of this year, although the current strong rise in the number of corona infections makes a reliable forecast far more difficult.



MünchenerHyp

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