

Press Release

MünchenerHyp releases preliminary business figures for 2021– results rise notably

- New mortgage business posts record results of € 6.8 billion (plus 6 percent)
- Mortgage portfolio expands to € 41.7 billion (plus 8 percent), of which private residential property financing accounted for € 28.7 billion (plus 10 percent) and commercial property financing € 13.0 billion (plus 8 percent)
- Net interest income and net commission rise to € 272.4 million (plus 14 percent).
- Regulatory equity capital increased to € 1.8 billion (plus 7 percent)

Munich, 11 April 2022 – Münchener Hypothekenbank eG (MünchenerHyp) continued on its course of growth in the 2021 financial year. The cooperative property bank was able to significantly expand its financing business in all areas. The Bank's new mortgage business set a new record with € 6.8 billion. "We benefited from the favourable development of the economy and very strong demand for property financing. Ultimately, however, the good results confirm above all our long-term strategy in residential and commercial property financing", said Dr. Louis Hagen, Chairman of the Münchener Hypothekenbank Board of Management.

New business expands in the areas of private and commercial property financing

The volume of new financing commitments made in the private residential property financing area of business rose by 8 percent to € 4.3 billion and represented about two-thirds of the € 6.8 billion in new business. The Volksbanken and Raiffeisenbanken retained their position as the Bank's most important sales partner and generated € 3.1 billion in new business. New business provided by independent providers of financial services expanded notably by 22 percent to € 0.8 billion, and by 49 percent with Swiss PostFinance to € 0.4 billion. The Bank entered into additional cooperation agreements with providers of financial services in the Austrian market for private residential property financing where it posted € 48 million in new business and gained a stronger foothold.

MünchenerHyp was able to increase the volume of new lending commitments made in the area of commercial property financing by 3.5 percent to about € 2.5 billion, of which domestic business accounted for € 1.7 billion. "Despite the overall favourable level of demand, some



areas of the commercial property market were still being impacted by the effects of the Covid-19 pandemic. This is why we are pleased that we could further expand our volume of new business with this segment”, noted Dr. Louis Hagen.

Attractive refinancing conditions

Mortgage Pfandbriefe retained their status as MünchenerHyp’s most important source of refinancing once again in 2021 with a total volume of € 4.1 billion in emissions placed. Two long-term Mortgage Pfandbriefe, each of which with a volume of € 500 million, stood out and were issued by the Bank during the first half of 2021. In July the Bank successfully issued its first benchmark Mortgage Pfandbrief in British pounds since 2013. The issue had a volume of £ 350 million.

In addition, Switzerland was an important bond market for MünchenerHyp where the Bank issued a total of CHF 1.8 billion in covered and uncovered securities.

Among the uncovered securities issued by the Bank in 2021 was its first green senior non-preferred bond in benchmark format with a volume of € 500 million. In 2021 MünchenerHyp issued a total of € 875 million in sustainable securities – ESG Pfandbriefe, uncovered senior preferred and non-preferred bonds and commercial paper.

Mortgage portfolio expands – earnings power strengthened

The Bank’s successful new business performance also increased the portfolio of mortgage loans which rose by 8 percent to € 41.7 billion. The segment posting the strongest growth was the portfolio of private residential property loans in Germany, which rose by € 2.0 billion. The total portfolio of private residential property loans increased € 2.5 billion to € 28.7 billion. At the end of 2021 the portfolio of commercial property loans had increased by € 0.8 billion to € 13.0 billion. The portfolio of loans to public sector and banks declined slightly in accordance with MünchenerHyp’s business and risk strategy to € 3.6 billion (previous year € 3.7 billion).

The Bank’s level of equity capital continued to remain clearly above the minimum capitalisation requirements set by the European Central Bank for MünchenerHyp. MünchenerHyp’s members’ paid-up capital rose by € 90.1 million to € 1,243.1 million. At the end of 2021 MünchenerHyp’s Common Equity Tier 1 ratio was 20.4 percent (previous year 20.6 percent). The Tier 1 capital ratio was 21.9 percent (previous year 22.2 percent), while the total capital ratio was 22.5 percent (previous year 22.8). MünchenerHyp plans to further strengthen its additional core capital to support its growth course.



Net interest income rose by 16 percent to € 402.6 million. Commission expenses paid rose along with the Bank's successful new business results and increased by 16 percent to € 142.2 million. This resulted in net interest income and net commission income of € 272.4 million, or 14 percent more than in the same year-ago period. Administrative expenses rose by 4 percent to € 132.9 million (previous year € 128.4 million). The major portion of the rise in expenses was due to the € 3.7 million increase in the bank levy.

Credit risks remained at a very low level despite the continuing Covid-19 pandemic and the devastating flood catastrophe in Germany. Results from ordinary business operations rose by 18 percent to € 112.7 million. After tax expenses of €53.6 million, net income for the year amounted to € 59.1 million.

Outlook

The outlook for 2022 is overshadowed by Russia's war of aggression against Ukraine. Economic development in Germany is expected to slow down considerably. In addition, inflation is likely to remain high, especially in view of rising prices for energy and commodities. "We had originally planned to continue growing at a moderate pace in 2022. However, in light of the war-related uncertainties, this goal will be very difficult to achieve", said Dr. Louis Hagen.

The 2021 Annual Report will be published on 25 April 2022 at www.muenchenerhyp.de.

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Business development*	2021 € million	2020 € million	Change %
Lending business	7,542	6,492	16
- Mortgage loans	6,799	6,395	6
- Loans to public sector and banks	743	97	666
Refinancing funds obtained	6,612	7,473	-12

Balance sheet*

Total assets	52,538	48,558	8
Mortgage loans	41,662	38,411	8
Loans to public sector and banks	3,619	3,704	-2
Pfandbriefe and other bonds	41,992	39,576	6
Equity capital	1,790	1,676	7

Income statement *

Net interest income and net commission income	272	238	14
Administrative expenses	133	128	4
Results from operations before deducting provisions for risks	113	95	18
Net income	59	38	57

Employees

	Number	Number	
Average number of employees per year	624	611	2
Apprentices	14	15	-7

* Amounts have been rounded.