

## Press release

### **Münchener Hypothekbank improves business results**

- Income from ordinary activities increased by 17 percent to EUR 132.3 million
- The mortgage loan portfolio expanded by 6 percent to EUR 44.3 billion
- Regulatory capital increased by 9 percent to EUR 1.95 billion
- Sustainability strategy continued to evolve

Munich, 24 April 2023 – Münchener Hypothekbank generated good business results in 2022. In particular, the earnings trend continued to be positive. Income from ordinary business activities rose by 17 percent to EUR 132.3 million. "We have demonstrated that even in a very tough market environment, we are successful and a reliable partner for our customers," said Dr Holger Horn, Chairman of the Board of Directors of Münchener Hypothekbank.

#### **Mortgage loan portfolio continued to expand**

Münchener Hypothekbank again managed to expand the volume of mortgage loans in its portfolio. These increased by 6 percent to EUR 44.3 billion. The highest-growth segment was private residential property financing in Germany.

Over the course of the year, new business was increasingly affected by declining demand on the property markets and property financing markets caused by interest-rate hikes. Thus, the property bank was still reporting additional growth from anticipatory effects during the first half of 2022, whereas new business weakened during the second half of the year.

Overall, Münchener Hypothekbank granted EUR 5.4 billion of property loans in 2022 (2021: EUR 6.8 billion). Of this amount, private residential property financing accounted for EUR 3.3 billion (2021: EUR 4.3 billion). Its most important cooperative partners in this business segment continued to be the banks in the Cooperative Financial Network, with total loan commitments of EUR 2.4 billion (2021: EUR 3.1 billion). In the commercial property financing segment, new business totalled EUR 2.1 billion (2021: EUR 2.5 billion).

#### **Further increase in earnings – very solid equity base**



Net interest income rose by 7 percent to EUR 431.8 million. In particular, this was attributable to the good level of new business in previous years and higher interest rates. Negative net commission income improved by 16 percent to EUR 109.7 million due to the decrease in new business. This yields net interest and commission income of EUR 322.1 million – an increase of 18 percent compared with the previous year. Administrative expenses increased by 11 percent to EUR 147.1 million.

The risk situation in the lending business was still moderate, thanks to the broadly diversified and highly granular portfolio holdings. However, relevant precautions were taken against the backdrop of the more negative market situation.

After taking tax expenditures of EUR 64.2 million into account, net income of EUR 68.1 million remained.

Own funds rose by 9 percent to EUR 1.95 billion. Münchener Hypothekenbank reinforced additional Tier 1 capital, in particular through the successful issuance of an Additional Tier 1 Bond with a volume of 75 million Swiss francs. At year-end 2022, the common equity Tier 1 ratio stood at 19.0 percent (previous year: 20.4 percent). The total capital ratio was 21.9 percent (previous year: 22.5 percent).

### **Successful Pfandbrief refinancing**

With an issue volume totalling EUR 5.3 billion, mortgage Pfandbriefe continued to be the most important source of refinancing for Münchener Hypothekenbank. In financial year 2022, the Bank was able to successfully place several large-volume jumbo and benchmark Pfandbriefe.

As regards issues in foreign currencies, the emphasis was on Swiss francs. A total volume of 0.7 billion Swiss francs of covered and uncovered securities were issued. The volume of uncovered securities issued totalled EUR 1.2 billion.

### **Sustainability strategy continued to evolve**

During the past year, Münchener Hypothekenbank adopted an even more advanced sustainability strategy, thereby pressing ahead with the integration of sustainability into its core business. In the private residential property financing segment, sustainable loans continued to be a significant new business segment, accounting for 18 percent.



The bank issued EUR 1.2 billion of sustainable securities. This amount also included a green jumbo mortgage Pfandbrief for which Münchener Hypothekenbank was recognised with a prize for Best ESG Deal at the GlobalCapital Covered Bond Awards.

## **Outlook**

In financial year 2023, demand for property financing continues to be restrained due to higher interest rates. Additional challenges include the impact of the war in Ukraine and persistent volatility on the capital markets. In light of the associated uncertainties, Münchener Hypothekenbank expects new business to decrease and is focusing on low-risk, conservative financing deals. However, thanks to positive earnings from existing loans, the bank expects net income to be at the same level as last year.

The 2022 Annual Report is published at [www.muenchenerhyp.de](http://www.muenchenerhyp.de).

### **For additional information please contact:**

Dr Phil Zundel  
Head of Central Services  
Münchener Hypothekenbank eG  
Karl-Scharnagl-Ring 10 | 80539 Munich  
Tel. +49 89 5387-2000  
[Phil.Zundel@muenchenerhyp.de](mailto:Phil.Zundel@muenchenerhyp.de)

Dr Benno-Eide Siebs  
Press Spokesperson  
Head of Communication and Marketing  
Central Services  
Münchener Hypothekenbank eG  
Karl-Scharnagl-Ring 10 | 80539 Munich  
Tel. +49 89 5387-2020  
[Benno-Eide.Siebs@muenchenerhyp.de](mailto:Benno-Eide.Siebs@muenchenerhyp.de)