

Münchener Hypothekenbank increases its new business and results from operations

Münchener Hypothekenbank further improved its new business performance in 2006. Total new mortgage commitments made by MünchenerHyp amounted to € 2.42 billion, or 9 percent more than the high level achieved in the previous year. "We are satisfied with the development of our new business efforts," said Erich Rödel, Speaker of the Münchener Hypothekenbank's Board of Management on the occasion of the Bank's annual results press conference in Munich.

The increase was distributed equally over the two main areas of business. New commitments made for private housing loans increased by about 8 percent to € 1.35 billion Euro. Commitments for commercial property loans grew by approximately 10 percent to € 1.07 billion, thereby exceeding the 1 billion euro level for the first time.

The gain noted in private housing lending was primarily achieved by an even greater exploitation of the regional market potentials. Numerous new customers were won due to successful joint sales campaigns run with the Volksbanken and Raiffeisenbanken.

Within the commercial property lending segment, new business generated outside of Germany, in particular, expanded at a very strong pace and rose by over 27 percent to € 752 million. The increases were mainly generated in the USA. According to Erich Rödel, this performance is based on MünchenerHyp's good relationships with major American financial companies.

MünchenerHyp also made progress in reducing its costs and streamlining its operations in 2006. The Bank's cost/income ratio improved, based on a decline in general administrative expenses, from 52.9 percent to 51.5 percent. This improvement marked the achievement of key cost reduction goals stated in the MHB2008 strategy program. "We are in good shape to accomplish further increases in our business success," emphasized Erich Rödel.

Operating results after provisions for risk improved as planned as they rose by 13 percent over the previous year's figure to € 27.8 million.

Total assets declined by € 2.1 billion to € 31.9 billion. The reason for the decline was a lower level of outstanding loans in the Bank's public-sector lending business, which

MünchenerHyp does not pursue on a volume basis due to the very low margins involved in this segment. Commitments made in the public-sector lending business remained at last year's level and amounted to €2.3 billion.

MünchenerHyp anticipates that demand for property financing will remain stable in 2007. As of the end of February 2007 the volume of commitments made amounted to €457.2 million, and was higher than the figure noted (€352.9 million) in the same year-ago period.

For additional information please contact

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