

Press Release

MünchenerHyp's New Business Expands Strongly

Munich, October 25, 2011 – Münchener Hypothekenbank's new business activities once again grew significantly. The Bank noted a strong surge in demand for residential property financing especially during the summer months. The number of loan applications received by the Bank during these months was 50 percent higher than normal "The turbulence in the financial markets has increased the demand for residential property among owner-occupants and capital investors. Investments in German residential property have proven their value over the years as being stable and safe," said Dr. Louis Hagen, Spokesman for the Münchener Hypothekenbank's Board of Management.

The Bank posted notable year-over-year growth in its volume of business with the Volksbanken and Raiffeisenbanken, broker sales, as well as in the commercial property finance area of business. The total volume of new mortgage business noted as of September 30, 2011 amounted to €2.4 billion.

Despite the higher volume of new business recorded, net interest income less commissions remained at the previous year's level and was €68.0 million. The primary reason for this was the substantial rise in commissions paid. Administrative expenses rose to €48.6 million from the €45.3 million recorded for the same year-ago period. The increase was mainly due to the first-time payment of the bank levy in 2011.

Results from operations after making provisions for risk amounted to €8.5 million. The Bank's exposure to risk in its mortgage business has further improved due primarily to the successful restructuring its business in the USA. The Bank did, however, write down its entire Greek portfolio by 50 percent. As in the same year-ago period the Bank posted net income of €8.4 million as of September 30, 2011.

Total assets rose by €0.8 billion since the end of 2010 to €36.1 billion. The high volume of new business noted had a favourable effect on the development of the Bank's mortgage portfolio, which expanded by about €0.7 billion during the first nine months of this year to €19.1 billion.

Members' capital contributions rose by over four percent as numerous members purchased additional shares. "This is a reflection of the great trust our members have in MünchenerHyp's business policy in today's difficult times," stated Dr. Louis Hagen.

The strong growth in new business continued undiminished into the current month. For this reason MünchenerHyp anticipates that it will exceed its new business target for this year.

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