

Press Release

Münchener Hypothekenbank expands in 2010 while provisions for risk remain stable

- New business and mortgage loan portfolio increase notably
- Provisions for risk stable
- Income situation unchanged

Munich, March 30, 2011 – Münchener Hypothekenbank eG substantially expanded its new mortgage loans business in 2010. The Bank made property finance loans for a total volume of about € 3.6 billion, or almost 90 percent more than in the same year-ago figure. Many of the markets that are important for us stabilised again in 2010. Specifically, our core market – the German residential property market – developed dynamically. As a result, we once again encountered numerous attractive business opportunities,” said Dr. Louis Hagen, Spokesman for the Münchener Hypothekenbank’s Board of Management at the property financier’s Annual Results Press Conference today.

The favourable development of new business was also reflected in MünchenerHyp’s mortgage loan portfolio as it rose by about 10 percent to € 18.4 billion. This growth was primarily driven by loans made to finance residential properties. The Bank’s portfolio of commercial property finance loans remained stable.

MünchenerHyp’s refinancing activities benefited from a favourable climate for Pfandbrief issues and the Bank’s strong reputation in the capital markets. “Our Jumbo Pfandbriefe, in particular, met extremely high investor demand, which had a positive effect on our refinancing conditions,” noted Dr. Louis Hagen.

Good new business results, growing portfolios as well as favourable refinancing conditions all contributed towards the Bank’s € 8.0 million increase in net interest income, which amounted to €124.5 million. Administrative expenses fell marginally by € 0.5 million to € 58.9 million. This led to a significant improvement in the cost-income-ratio.

Results from operations after making provisions for risk, which remained relatively stable, rose by € 3.7 million to € 16.7 million Euro. MünchenerHyp continued to benefit from the above-average quality of its loan portfolio. Annual net profit for the year was € 11.0 million, or close to the level posted in the previous year.

At the end of 2010 total assets amounted to € 35.2 billion, or € 0.5 billion below the same year-ago level. Paid up capital rose by € 4.6 million to € 151.5 million. Total liable equity capital consisted of € 1,198.0 million, or € 63.2 million over the same year-ago figure. The core capital ratio stood at 6.4 percent at the end of 2010 while the total capital ratio was 10.0 percent.

MünchenerHyp plans to continue expanding over the long term and sustainably strengthen its earning power. "Last year we further adjusted our business and risk strategy with this goal in mind. In the future we will focus even more strongly on financing residential and commercial properties in Germany. In this context we view our cooperation with the Volksbanken and Raiffeisenbanken, above all else, as having great potential that we want realise together," said Dr. Louis Hagen.

For additional information please contact:

Dr. Phil Zundel
Head of Board of Management Staff and
Human Resources
Münchener Hypothekenbank eG
Karl-Scharnagl-Ring 10, 80539 München
Telephone +49 (0) 89 53 87 319
Telefax +49 (0) 89 53 87 77 319
E-Mail: phil.zundel@muenchenerhyp.de

Dr. Benno-Eide Siebs
Press Officer
Board of Management Staff and
Human Resources
Münchener Hypothekenbank eG
Karl-Scharnagl-Ring 10, 80539 München
Telephone +49 (0) 89 53 87 314
Telefax +49 (0) 89 53 87 77 314
E-Mail: benno-eide.siebs@muenchenerhyp.de



Business Development	2010	2009	Change
	€ millions	€ millions	%
Lending Business	5,437	2,814	93.2
- Mortgage loans	3,553	1,902	86.8
- Loans to public sector and banks	1,883	912	106.4
Refinancing funds obtained	8,268	8,888	-7.0

Balance Sheet

Total assets	35,225	35,733	-1.4
Mortgage loans	18,455	16,684	10.6
Loans to public sector and banks	13,597	14,127	-3.8
MBS	125	191	-34.8
Pfandbriefe and other promissory notes	31,195	30,491	2.3
Liable equity capital	1,198	1,135	5.6

Income Statement

Net interest income less commissions	97	87	11.9
Administrative expenses	59	59	-0.8
Results from operations before deducting provisions for risks	32	25	30.4
Results from operations after deducting provisions for risks	17	13	28.5
Net income	11	11	0.0

Employees

	Number	Number	
Average number of employees per year	366	369	-0.8
Apprentices	17	19	-10.5