

## Press Release

### **Münchener Hypothekbank eG increases new business and net interest income in first half of 2010**

Munich, August 10, 2010 – The effects of the crisis in the financial markets on the Münchener Hypothekbank were significantly milder in the first half of 2010. The Bank's new mortgage loan commitments rose by more than 50 percent over the same year-ago period to € 1.3 billion. The majority of the new mortgages were generated by the Bank's Financial Services Network business with the Volksbanken and Raiffeisenbanken in the private property finance area. Following the severe winter, the Bank was able to substantially expand its volume of financing transactions in this area of business, above all in the second quarter. MünchenerHyp was also able to increase its volume of new business in the area of commercial property finance. "At the same time our strict risk standards remained unchanged. Based on our business strategy we concentrated on top tier mortgages with moderate loan-to-value ratios", said Dr. Louis Hagen, Spokesman of MünchenerHyp's Board of Management.

Despite the turbulent market environment, MünchenerHyp benefited from favourable refinancing conditions and issued a €1.25 billion, five-year Jumbo Mortgage Pfandbrief at a very attractive level in June.

The Bank's earnings were favourably affected by the improved overall conditions in the property finance and capital markets. Net interest income less commissions rose by € 13.8 million over the same year-ago figure to € 62.3 million. Administrative costs increased slightly allowing the cost-income ratio to improve from the 63 percent noted at mid-2009 to 53 percent as of June 30, 2010. Results from operations after deducting provisions for risks improved by € 5.7 million to € 18.4 million.

Total assets amounted to € 36.0 billion, and were marginally higher than the comparable figure noted at the end of 2009 (€ 35.7 billion). In contrast to the stagnant situation noted for overall market volume, the Bank was once again able to increase its portfolio of mortgage loans in the first half of 2010 by € 0.8 billion to € 17.5 billion. Total liable equity capital rose to € 1.2 billion (€ 1.1 billion as of December 31, 2009).

MünchenerHyp anticipates that the second half of the year will see a continuation of the favourable development noted in the first six months. “We plan to gradually increase our property finance business. This does, however, require that the stabilisation tendencies seen in the markets strengthen and that the capital markets do not experience any new upheavals,” noted Dr. Louis Hagen. MünchenerHyp is striving to close out the year by posting results that are at the previous year’s level.

For additional information please contact

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

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