

First half 2006 results

Münchener Hypothekenbank continues to advance

Munich, August 8, 2006. Münchener Hypothekenbank, a member of the cooperative financial association (FinanzVerbund) of the Volksbanken and Raiffeisenbanken specialising in financing residential and commercial properties, today announced its results for the first half of 2006.

Results from operations after making adjustments for risk provisions rose by 13% to € 13.5m, while the cost-income-ratio improved to 51 percent. The Bank's total capital ratio currently stands at 10.6 percent. Münchener Hypothekenbank views these figures as confirmation that it is on the right path and well prepared for the future: "Our MHB 2008 strategy is generating benefits as planned and the results underline the positive development of our earnings and our risk situation," said Erich Rödel, spokesman of the Münchener Hypothekenbank's Board of Management. In comparison to the same year-ago period new business increased by € 142m to € 1,129m, and even by 20 percent in the residential housing finance area. "We are certain that these results reflect an increased number of building applications submitted for approval in 2005 as the federal home ownership subsidy ended in 2006; these applications were approved in 2006. The main reason behind the increase in private housing finance results is, however, our improved spectrum of services featuring our modularly structured range of products and a clearer focus on sales activities," noted Erich Rödel.

"With our flexible platform strategy, we can provide customers tailor-made products in cooperation with the Volksbanken and Raiffeisenbanken. This reflects how we have aligned our activities with the very professional consulting approach at the Volksbanken and Raiffeisenbanken. Moreover, we can combine this diverse range of products with low-cost processing and handling procedures. Our motto here is 'Individual in sales, standardised in handling.'"

The Bank's commercial property lending business expanded in line with strategic plans. Commitments made in this area of business climbed to about € 480m during the first six months. This increase was mainly driven by strong growth noted in the Bank's international business activities. The Bank successfully concluded structured financing deals, especially in the USA, without departing from their conservative approach to risk. Münchener Hypothekenbank achieved its ambitious goals in the domestic commercial direct finance business area although "there is still a lot of liquidity flowing into Germany that is generating higher property prices and thus higher Loan-to-Value-Ratios. Our goal is to control the expansion of our direct commercial property lending activities in Germany by only entering into carefully selected transactions," stated Erich Rödel.

Based on the figures reported for the first half of the year the outlook for the remainder of 2006 is favourable: "Münchener Hypothekenbank's good performance in the first half of 2006 confirms our business strategy. We are confident that for the remainder of the year we will not only be able to continue last year's good results, we will be able to continue the upward trend in our performance. Factors driving our success are competitive products, a good sales concept, fast and secure processes, as well as a high level of customer satisfaction. They form the fundament for forward looking market activities," says Erich Rödel.

Contact:

Münchener Hypothekenbank eG
Dr. Phil Zundel
Head of Board of Management Staff
Tel. 089-5387-319
Fax 089-5398-77319
E-Mail: phil.zundel@muenchenerhyp.de