

## Press Release

Hamburg and Munich, July 5, 2007

# DG HYP and MünchenerHyp Sign Memorandum of Understanding

The management boards of Deutsche Genossenschaftsbank AG (DG HYP) and Münchener Hypothekenbank eG (MünchenerHyp) have signed a memorandum of understanding defining significant terms of their planned merger. Both of the banks' supervisory boards have authorised their respective management boards to continue making preparations for the merger of DG HYP and MünchenerHyp.

Plans call for the merger to be legally completed in two phases: Münchener Hypothekenbank eG will initially bring their business activities into an interim company and will retain its current legal status as a cooperative. The interim company will then merge with DG HYP. The result will be that Münchener Hypothekenbank eG (old) and DZ BANK AG (sole parent company of DG HYP) will own all shares in the new bank with the majority held by DZ BANK AG. The new bank will be named Münchener Hypothekenbank AG and its main office will be located in Munich.

## Reinforcing the regional market positions of the Volksbanken and Raiffeisenbanken

The new bank's main focus of business will remain the cooperative FinanzVerbund (Financial Services Network). Working together with the FinanzVerbund the new bank will develop innova-

tive product and sales strategies to bolster the FinanzVerbund's competitiveness and successful market position in the field of property finance. Bundling together the two banks' strengths will reinforce the regional market positions of the Volksbanken and Raiffeisenbanken and enable them to generate higher levels of efficiency in the areas of production, sales, and transaction processing. It is anticipated that the merger will lead to significant synergies in earnings and cost savings.

### **New bank will have four core areas of business**

Plans call for the new bank to be active in four areas of property finance: private and commercial property finance, municipal lending and treasury, and credit treasury business.

The key element of the new bank's business model will be private housing finance. An innovative product and sales concept, as well as a unified brand strategy, will be specially developed to strengthen the position of this business area as the central anchor product for the Volksbanken and Raiffeisenbanken in order to realise more efficiently the major market potential of private housing finance on a broader basis.

Current expansion activities in the field of commercial property finance will be decisively continued within Germany and abroad. The strong market position currently held in the municipal lending and treasury segments of the market will be further expanded. The main focus in the credit treasury segment will be on improving the risk/return profile of the internal property loan portfolios as well as providing property-finance related consulting and services to third parties, especially to the Volksbanken and Raiffeisenbanken.

### **Merger agreement expected to be signed in this year**

The due diligence phase of the planned merger, and a detailed evaluation of the business activities of both banks, will begin immediately. The final terms of the merger agreement will be prepared while these activities are taking place. It is anticipated that the ownership bodies of both banks will approve the terms of the agreement thereby enabling the merger to take place this year.

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