

## Press Release

### **MünchenerHyp remains on course at end of third quarter**

Munich, October 21, 2010 – Münchener Hypothekenbank eG's new business continued to develop favourably during the third quarter as it made €2.3 billion in mortgage loan commitments compared to €1.4 billion during the same year-ago period. Mortgage commitments made reflected MünchenerHyp's business strategy as the vast majority were made for financing private property.

According to Dr. Louis Hagen, the Speaker of MünchenerHyp's Management Board, "Demand for residential property in Germany remained high due to the favourable development of the economy and exceptionally attractive interest rates. We were even able to significantly expand our new business activities during the traditionally weaker summer months."

MünchenerHyp successfully issued a Public Jumbo Pfandbrief during the third quarter as part of its refinancing activities. The Jumbo Pfandbrief issue had a volume of €1 billion and a term of three years. The issue was priced at one basis point over the mid-swap rate. The order book containing a total of 110 orders from 14 countries was closed after a short time as the issue was more than two times oversubscribed.

Driven by the good new business results, net interest less commission income rose by €18.2 million over the same year-ago period to €88.9 million Euro. Administrative expenses rose by €2.1 million to €45.3 million. The cost-income ratio improved by almost 10 percentage points to 53.8 percent. Results from operations after making provisions for risk increased by €10.3 million to €30.4 million. On a pro rata basis annual net profits gained by €0.6 million to €8.4 million.

Total assets amounted to € 35.6 billion and remained at the level recorded at the end of 2009. Total mortgages outstanding noted for the year to date rose by more than € 0.9 billion to € 17.3 billion. During the same period the aggregate market volume of mortgage loans made by all banks in Germany stagnated. The total volume of MünchenerHyp's portfolio of loans to the public sector and banks remained unchanged at € 14.1 billion. Total liable equity capital increased to € 1.2 billion. The total capital ratio as of September 30, 2010 was 10 percent.

Demand for MünchenerHyp's property financing services is also expected to remain strong in the current quarter. For this reason the Bank anticipates that it will meet its new business goals as planned. Based on the improved net interest income figures, MünchenerHyp currently anticipates that its results for 2010 will achieve the previous year's performance.

For additional information please contact

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