

Press Release

Münchener Hypothekenbank eG Continues to Advance Successfully in First Half of 2011

Munich, August 30, 2011 – Münchener Hypothekenbank new business results again grew substantially in the first half of 2011. Total new mortgage loan commitments made by the bank amounted to € 1.6 billion or 19 percent more than in the first six months of the previous year. “Our goal is to grow sustainably and organically. During the first half we again made significant progress towards this goal,” said Dr. Louis Hagen, the Spokesman of MünchenerHyp’s Management Board, commenting on the bank’s business development.

MünchenerHyp was also able to expand its market position in its Cooperative Financial Network business with the Volksbanken and Raiffeisenbanken, in particular, and further expanded the volume of brokered loans by more than one-third. The bank’s commercial property finance business benefited from strong demand seen in its core markets of Germany, France, and the United Kingdom. Total volume recorded here for the first half was € 370 million, which already equals the amount posted for full year 2010.

Despite the unchanged difficult and volatile environment, MünchenerHyp continued to benefit from unhindered access to the financial and capital markets. “We profited from MünchenerHyp’s high standing in the market, as well as from the quality of the coverage pools backing our Pfandbriefe,” noted Dr. Louis Hagen. The bank acquired € 4.0 billion in refinancing funds from the market during the first half, of which Mortgage and Public Pfandbriefe accounted for € 2.8 billion.

Net interest income remained at the previous year's level of € 61.8 million. Administrative expenses rose by € 1.2 million over the same year-ago figure to € 32 million. MünchenerHyp’s cost/income ratio rose slightly as a result. The risk position in the bank’s mortgage loan business

improved due to resolute risk discipline and successful credit restructuring measures that took place in past years. The bank holds modest investments in countries on the periphery of the euro zone. Based on a recommendation made by the Institute of Public Auditors (Institut der Wirtschaftsprüfer – IDW) for the German credit sector, MünchenerHyp wrote down € 8.6 million in the claims it holds against Greece.

Results from operations after making provisions for risk rose by more than 20 percent to € 7.6 million. Net profits attributable for the first six months of the year amounted to € 4.8 million and were slightly higher than the figure noted for the same year-ago period.

Total assets only changed slightly and amounted to € 35.4 billion. Our loan portfolio also developed stably. Liable equity capital declined slightly to € 1,185 million due to repayment of subordinated loans.

MünchenerHyp anticipates that its business will continue to develop favourably over the remainder of the year. This outlook, however, is based on the premise that overall economic conditions do not worsen due to a further exacerbation of the sovereign debt crisis. Against this background, the bank is striving to achieve net profits that will be at the previous year's level.

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