

Press Release

Münchener Hypothekenbank Posts Stable Results in 2009

- New business in private property financing area at previous year's level
- Mortgage portfolio expands by € 0.7 billion to € 16.6 billion
- Net income of € 11.0 million at previous year's level

Munich March 17, 2010 – Münchener Hypothekenbank eG posted stable results in one of the most difficult banking years. The Bank's earnings continued their stable growth despite the fact that the MünchenerHyp was also impacted by effects of the economic and financial market crisis – especially in the first half of 2009 – and faced notable challenges. “Our business model, which is built on a combination of private and commercial property financing, has a stabilising effect on our results, especially during times of difficult economic conditions,” said Erich Rödel, Chairman of the Münchener Hypothekenbank's Board of Management, during the annual results press conference.

MünchenerHyp's net interest income rose by € 4.1 million to € 132.7 million. Market-driven burdens on net interest income were offset by favourable capital market results. Results from operations after making provisions for risk amounted to € 29.2 million, or € 3.7 million more than the same year-ago figure. The net result of the valuation appropriately reflected the risks in the current market environment. Net income for the year increased by € 0.8 million to € 11.0 million.

MünchenerHyp's mortgage business activities were adjusted to meet the changed market conditions that were particularly influenced by the economic and financial market crisis. As a result, the total volume of new business recorded in 2009 was lower than in the previous year. However, the Bank's volume of new business in the area of private property lending was at last year's level and totalled € 1.8 billion. MünchenerHyp responded cautiously to the challenging economic and market situation in the commercial property financing area in 2009 and focused on serving existing customers. New financing deals were signed in this sector in the second half of the year as the situation in the capital markets was once again almost normal.

Despite the Bank's strategic adjustments to its business activities, MünchenerHyp's portfolio of mortgage loans grew by € 0.7 billion to € 16.6 billion. Total assets contracted from € 36.1 billion to € 35.7 billion at the end of 2009 due to reduced lending to the public sector and banks. Administrative expenses rose because of expenditures for personnel and material related to the Bank's originally foreseen expansion plans. In response, the Bank introduced a comprehensive project to cut costs and increase efficiency in order to permanently reduce administrative costs.

MünchenerHyp encountered no problems in acquiring its refinancing requirements, despite the challenging market conditions seen in 2009. The Bank benefited, above all, from its good standing in the capital markets as an issuer and its solid position within the cooperative Financial Services Network (FinanzVerbund).

Paid up capital rose by € 4.2 million to € 146.9 million. Equity capital strengthened, in particular, by the successful issue of a € 100 million Tier 1 bond. Total liable equity capital consists of € 1,134.7 million (previous year € 1,015.7 million).

The outlook for the current business year tended to improve as the situation in the capital markets has calmed. The situation in the property markets is, however, different and requires that business policy be acutely aware of potential risks. "We will return to selectively intensifying our acquisition activities in the property financing area in 2010. In doing so we will focus on both private property financing and business potential within the cooperative Financial Services Network, as well as selected segments of the commercial property financing market," noted Erich Rödel. MünchenerHyp aims to post net income for 2010 that is 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

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

Business Development	2009	2008	Change
	€ millions	€ millions	%
Lending Business	2,814	6,246	-54.9
- Mortgage loans	1,902	4,101	-53.6
- Loans to public sector and banks	912	2,021	-54.9
- MBS	0	124	-100.0
Refinancing funds obtained	9,367	8,959	4.6

Balance Sheet

Total assets	35,733	36,134	-1.1
Mortgage loans	16,591	15,933	4.1
Loans to public sector and banks	14,378	15,810	-9.1
MBS	191	228	-16.2
Pfandbriefe and other promissory notes	30,491	32,234	-5.4
Liable equity capital	1,135	1,016	11.7

Income Statement

Net interest income less commissions	103	101	1.9
Administrative expenses	59	53	12.1
Results from operations before deducting provisions for risks	41	55	-25.2
Results from operations after deducting provisions for risks	29	26	14.5
Net income	11	10	7.8

Employees

	Number	Number	
Average number of employees per year	391	376	4.0
Apprentices	19	16	18.8