



Münchener
Hypothekenbank eG

INTERIM FINANCIAL
STATEMENTS

FOR THE PERIOD

1 JANUARY TO 30 JUNE 2008 >>





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INTERIM MANAGEMENT REPORT

OVERALL ECONOMIC CONDITIONS

ECONOMIC DEVELOPMENT

The global economy has faced increasing burdens since the beginning of the year. The reasons for the strained situation include the crisis in the international financial markets, higher commodity prices – especially for oil – and significantly higher inflation. In addition, euro zone countries also faced burdens posed by the high euro exchange rate, which did, however, have a dampening effect on the price of imports.

Despite strong headwinds, the German economy was able to post stable performance in the first quarter and served as the euro zone's economic locomotive as its gross domestic product rose by a seasonally adjusted 1.5 percent. Driven by the robust economy, unemployment in Germany declined further: 3.2 million people were unemployed at the end of June 2008, or more than 500,000 less than the comparable previous year's figure.

The pace of economic growth slowed in the second quarter as industrial production fell by 2.6 percent in May and the construction sector by 2.1 percent. Inflation stood at 3.3 percent in June, which was the highest figure since December 1993. Prices were mainly driven by sharp increases in heating oil and fuel costs.

FINANCIAL MARKETS

The crisis in the international financial markets primarily affected internationally active banks, which again had to write down the value of their assets by billions during the first half of 2008. Capital markets remain marked by uncertainty due to the crisis in the financial markets. This situation was reflected by the overall higher levels of volatility in the markets, a less consistent and predictable policy on the part of central banks, and a still inconclusive outlook for risks due to the crisis in the financial markets.

The situation has been made additionally difficult by an inverse interest rate curve that also has other problems. This led to comparatively high levels of issuing activities in short maturity paper with terms of two to three years, reflecting investors' preference to invest their funds in this segment.

European Central Bank (ECB) interest rate policies also influenced the development of interest rates. During the first half of 2008 the ECB did not raise rates due to robust economic figures and left its key interest rate at 4.0 percent. However, the ECB began to change direction at the beginning of June. Interest rate increases were publicly mentioned as being possible in the second half of 2008 due to higher inflation rates – and at the beginning of July the key interest rate was raised by 0.25 percent to 4.25 percent. Meanwhile, in the USA, the Federal Reserve cut its key rate in two steps to the current 2.0 percent in response to the negative effects of the subprime crisis.

Stock markets retreated around the world during the first half of the year. The Dax fell by about 20 percent between the start of the year and 30 June 2008. In the USA the Dow Jones Index dropped by about 15 percent. Concerns about further declines in economic growth coupled with worries about an increase in corporate insolvencies placed additional pressures on stock prices in July.

PROPERTY MARKETS

RESIDENTIAL PROPERTY MARKET – GERMANY

Following the significant drop in building permits noted in 2007, the number of permits granted stabilised, as we expected, at a lower level. Permits for 57,100 housing units were approved in the first four months of the year, or nearly 2 percent more than in the same year-ago period. It is, however, too early to predict a change in the trend based on these figures.

Construction activities remained fairly stagnant. Home-building revenues had risen by 2.7 percent by the end of April, although incoming orders were 4.9 percent below the same year-ago



period. Currently, construction measures for existing homes represent the primary support for housing-related construction with maintenance work accounting for about 60 percent and modernisation measures representing the remaining 40 percent.

Prices for residential property and building land rose on an overall basis despite the low level of new residential housing as construction prices increased. The value of housing units rose by 3 percent in the first quarter, although major regional differences still exist.

Despite favourable interest rates, the property finance market did not experience an upswing during the first half of 2008. The financial markets crisis, increasingly pessimistic growth forecasts and rising inflation were the reasons why people were less certain of the future and more cautious about making major investments and taking on debt. The total volume of housing loans outstanding in Germany declined as private households further reduced their levels of debt. Market volumes declined in the first quarter of 2008 by 0.6 percent in comparison to the figure seen at the end of 2007.

One key reason behind the hesitation on the part of many potential property buyers has been the development of interest rates: by mid-June the 10-year rate had risen by about 0.75 percentage points from its low in March. Interest rates in the short and mid-term segments rose in part by over 1.5 percentage points. Many customers are still waiting on the sidelines because of higher interest rates and the inverse structure of the interest rate curve.

COMMERCIAL PROPERTY MARKET – GERMANY

The German commercial property market was no longer able to avoid the effects of the financial markets crisis. The volume of transactions completed in the first half of 2008 was € 11.9 billion, or less than half of the same year-ago figure. The value of deals completed in the second quarter was particularly weak and amounted to € 4 billion.

In contrast, the rental market developed favourably in the first half of the year. Turnover of office space rose by 16.5 percent over the same year-ago period, and was led by Munich, where about 400,000 square meters of office space was rented. Vacancy rates declined further as the demand for top quality office space continued to rise. Top rents increased in all of the five biggest German property markets (Berlin, Duesseldorf, Frankfurt/Main, Hamburg, and Munich).

RESIDENTIAL PROPERTY MARKETS – INTERNATIONAL

The long boom phase noted in residential property markets in the rest of Europe and the USA was ended by the crisis in the financial markets. The decline in housing prices accelerated, especially in the USA, the UK and Spain. Average asking prices for homes in the 20 largest cities in the USA in April 2008 were over 15 percent lower than in the same year-ago period, and even 25 percent less and more in certain cities.

COMMERCIAL PROPERTY MARKETS – INTERNATIONAL

Direct investments noted in the European commercial property markets declined notably in the first half of 2008, albeit with regional differences. Total transaction volumes amounted to € 69 billion, or 44 percent less than in the same year-ago period. The decline was caused by the current tighter liquidity situation in the financial and lending markets.

This in turn also placed pressure on property prices, especially in the UK and to a lesser extent in Spain and France. Office rents remained relatively stable.

The office property market also remained fairly steady in the USA. However, there are signs that conditions are changing and the renters' market is becoming a tenants' market. Overall vacancy rates remained unchanged at about 14 percent. Rents also remained stable. However, rents continued to rise moderately for office properties having excellent amenities in prime locations. New construction of office properties declined due to the crisis in the financial markets and the related effects on the American economy, as well as higher construction costs.

BUSINESS DEVELOPMENT REPORT

MORTGAGE BUSINESS

We were once again able to increase the overall volume of our new mortgage business. By 30 June 2008 we had made total commitments of € 1.8 billion for mortgages and other property finance loans. This represented an increase in new business of about € 440 million, or 33 percent over the first half of 2007.

Our activities in the **residential property finance** sector took place in a market environment that was more difficult than in the previous year. By the end of June the total market volume of commitments made for residential property loans in Germany declined to € 87.5 billion in contrast to the same year-ago period.

Our business together with the Volksbanken and Raiffeisenbanken was also impacted by lower demand for residential property loans. The volume of new business recorded for residential property financing declined by € 114.5 million, or 15 percent, to about € 650 million from the comparable amount recorded for the first six months of 2007. Our forecast figures for this period were not fully met.

Due to the inverse interest rate structure we noted a significant drop in demand for forward loans in our business activities with the Volksbanken and Raiffeisenbanken, which had previously served as a main driver of our new business activities in 2007.

Moreover, due to the fact that in recent years all banks had strongly promoted forward loans, future potential has been already anticipated in a stagnant market. Shrinking demand for residential property loans also placed additional pressures on already narrow margins. In addition, some providers, mainly regional lenders, cut their lending terms even further thereby causing competition to become even tougher.

Favourable business impulses were generated by loans with maturities over ten years as it became more attractive than shorter-term loans due to the inverse structure of interest rates. We launched a successful sales promotion to pass on this advantage to our customers as we offered 30-year fixed-rate loans for the same conditions as 10-year loans.

Business generated by sales platforms and broker sales teams, which we had newly established in 2007, was also impacted by the market environment as competition in the area of lending conditions, in particular, became notably intense. Against this background we recorded € 40 million in new business during the first half of the year.

We entered into a cooperative venture with the Swiss PostFinance at the end of 2007. The purpose of the venture is for PostFinance to acquire mortgage loans in Switzerland and then broker them to MünchenerHyp. PostFinance is responsible for product development, marketing and the sale of the mortgages. MünchenerHyp is responsible for refinancing and risk management. The collaboration began as planned in June. By the end of the month the volume of commitments made amounted to € 54 million.

We benefited from favourable market conditions in the **commercial property financing** business. We profited from the renaissance of conservative financing structures and the syndication business, which regained popularity due to the crisis in the financial markets. This applied to both our domestic and international business activities, whereby margins developed significantly better in the international sector than within Germany. These currently still favourable market conditions enabled



us to almost double the volume of our new commercial property deals, which rose from € 567 million to € 1.1 billion. The majority were originated in the USA followed by the UK and France. In both of the latter countries we were able to reinforce our market position as we signed up new cooperating partners.

Münchener Hypothekbank's risk policy – within Germany and abroad – is founded on proven principles; the market situation helped us to the extent that, once again, in 2008 we purposefully focused on the less risky top-tier financing business.

In the syndicated business area we benefited from the trend towards notably more conservatively structured loans as the loans we were invited to participate in were quite attractive both in terms of their loan-to-value ratios and their margins. During the first half of the year we booked about € 585 million in syndicated commercial property loans.

The volume of credit tranches we syndicated amounted to € 116 million. By mid-year we had successfully passed on all of the credit tranches we had foreseen for syndication to other banks and the capital market.

MünchenerHyp has only been active in the area of mortgage backed securities (MBS) since the fourth quarter of 2007. In view of broadly declining prices we were able to make attractive investments in European residential and commercial mortgage backed securities. All of the acquired MBS are prime segment securities and are AAA rated without exception. The underlying properties were analysed using credit business criteria. The volume of new investments made in the first half of 2008 amounted to € 77 million.

PUBLIC-SECTOR AND BANK LENDING, AND MUNICIPAL LOANS

We lend to public-sector bodies and banks, as well as municipal lending, based solely on returns-based considerations. We

conduct almost all of our public-sector lending business within Germany. Due to the crisis in the financial markets spreads in the public-sector lending business and spreads on loans made to banks have widened considerably. Our very strict focus on creditworthiness requirements remains unchanged.

Total loan commitments made to the public sector and banks, as well as in the municipal lending business, amounted to about € 1.4 billion; the comparable figure was € 1.1 billion during the same year-ago period.

REFINANCING

The crisis in the financial markets has led to a widening of spreads on Pfandbriefe, and especially for unsecured obligations. We issued limited amounts of unsecured ten-year paper.

During the previous six months we issued mortgage Pfandbriefe with a nominal value of € 1.9 billion, € 761 million worth of public Pfandbriefe, and € 1.2 billion in uncovered notes. Total sales amounted to about € 3.9 billion, or just slightly below the previous year's level.

REPORT ON EARNINGS, FINANCIAL, AND ASSET SITUATION

BALANCE SHEET DEVELOPMENT

Total assets rose to € 33.6 billion from € 32.9 billion noted at the end of 2007.

Due to our good new-business performance we were able to expand our portfolio of mortgage and other building loans despite the unfavourable market trend. While overall nationwide market volume in Germany further weakened, the volume of our loan portfolio rose by € 500 million, or 3.5 percent, to € 14.6 billion during the first six months. Refinancing funds remained unchanged at € 30 billion.

Liable equity capital expanded by € 63.3 million to € 990 million. Core capital remained at the level noted in the same year-ago period and amounted to € 620.7 million. Thus means that based on the standard approach for evaluating lending risks our core capital ratio was 6.2 percent and our total capital ratio was 10.0 percent.

DEVELOPMENT OF EARNINGS

Despite the impact of the financial markets crisis on overall conditions, our earnings remained stable. Net interest income was at the previous year's level and amounted to € 62.3 million.

As defined by our business model, we are a network partner of the Volksbanken and Raiffeisenbanken and as such we pay them extensive brokerage commissions, which generally results in a negative commissions figure for MünchenerHyp. During the first six months of the year this figure amounted to € 14.6 million in contrast to the € 13.3 million posted in the same year-ago period. All commissions paid are fully charged as expenses in the year they are incurred and are deducted from income per the Commercial Code (HGB), even though income from the

related lending agreements will not be generated until the following year. For business purposes an annual deferral of commission expenses – as already foreseen by the International Financial Reporting Standards (IFRS) – would be the more accurate way to present the facts. Taking the full cost of commissions in the year they are incurred instead of spreading them over the term of the related loans leads to a one-sided burden on the profit and loss statement during periods of increased new business. Reserves were dissolved to offset these imbalances.

Against this background, our net interest income less commissions paid amount to € 47.7 million.

It should be noted at this point that due to the turbulence experienced by the capital markets due to the crisis in the financial markets, our results from activities in the capital markets were below our forecast figures.

The strong gains in new business seen in 2007 and 2008, the implementation of IFRS accounting standards, which is foreseen to take effect for the first time as of 31 December 2010, and additional projects to improve the efficiency of MünchenerHyp's business operations are important prerequisites to ensure that the Bank will be able to provide its customers quality-oriented handling of their financial needs and achieve a high level of customer satisfaction in the future. To attain these goals we have hired 30 new employees to primarily reinforce the loan transaction management, IT and Capital Market/Treasury departments. As a result, personnel expenses have risen from the same year-ago period. In addition, standard contractual salaries and extra-contractual salaries have also risen. Furthermore, the cost of materials used has risen from the same year-ago figure by € 1.7 million, or 6.9 percent to € 26.4 million due to inflation-driven price increases, and because of newly initiated projects. Our cost-income ratio is 55 percent in contrast to the 49 noted on 30 June 2007. However, this figure is expected to decline in the second half of the year.



The sum of other operational expenses and income was plus € 3.9 million and includes non-recurring earnings of € 4.75 million.

Despite the currently difficult market conditions, our provisions for risk remain stable and at a comparatively low level. The net valuation of claims in the lending business and of financial assets resulted in expenses of € 10.1 million, which includes write-downs of securities held as current assets and provisions for risk taken in our lending business.

Results from operations after deducting provisions for risks amounted to € 15.1 million, equaling the level noted in the same year-ago period.

RATING

MünchenerHyp's ratings did not change in the first half. Ratings were issued by Moody's, a rating agency.

SUMMARY OF MÜNCHENERHYP'S RATINGS:

	Rating	Outlook
Public Pfandbriefe	Aaa	stable
Mortgage Pfandbriefe	Aaa	stable
Long-term liabilities	Aa3	stable
Short-term liabilities	Aa3/P-1	stable
Fundamental Financial strength	C+	stable

RISK REPORT

MünchenerHyp's business and risk strategy defines the scope of the Bank's main business activities. Major adjustments to this strategy were not required during the first half of 2008.

SUBSIDIARY COMPANIES

Münchener Hypothekbank's subsidiary companies – M-Wert GmbH and M-Service GmbH – developed according to plan during the period under review.

OUTLOOK

The outlook for the economy became increasingly cloudy in the past months. As a result, all forecasts are predicting noticeable declines in growth rates in the second half of 2008 and in 2009. The extent to which the global economy will contract depends primarily on the further development of commodity prices, inflation levels, and how long the crisis in the financial markets continues. Despite these factors, current estimates for 2008 still anticipate that the global economy will grow by about 4 percent and just under 4 percent in 2009.

The USA is still threatened by a recession. Recent comments made by members of the Federal Reserve board reflected their critical doubts concerning the outlook for the American economy. Experts believe that the economy will cool in Germany and that the economic growth will stagnate in the second half. Thus far the federal government has left its forecasts for economic growth unchanged at 1.7 percent for 2008 and 1.2 percent for 2009.

An end of the crisis in the financial markets is not yet in sight. Based on events that have occurred at some mortgage financing companies, especially those outside of Germany, it cannot be ruled out that the crisis will worsen.

Against the background of the crisis in the financial markets and economic developments, stock markets are continuing to show weakness. At the same time, banks are faced with additional write-downs of numerous securities they hold as their prices continue to fall.

Many observers expect that the key federal funds rate in the USA will not be increased in the third quarter in the light of shrinking investments in the residential property markets, and weaker economic growth. In contrast to the ECB, the Federal Reserve's primary goal is to stabilise the economy and not to fight inflation. Experts anticipate that in Europe ECB will keep its key interest rate unchanged at 4.25 percent in the second half.

The uncertain development of the economy and interest rates will continue to prevent many potential home owners in Germany from buying. For this reason we do not anticipate that the residential property finance market will grow in the second half of 2008. In light of the low economic growth forecasts we believe that the market will not improve appreciably in 2009. It is likely that the market will only receive marginal additional support because of the Private Housing Pension Act (Eigenheimrentengesetz), also known as the Residential Riester (Wohn-Riester).

Our recently initiated supplementary sales measures will help to give an additional boost to our new business results in the second half of the year. Our overall outlook for the full year – including business generated via sales platforms, broker sales teams, and with PostFinance – is that we will achieve our planned new business targets, assuming that the economy and interest rates do not change significantly. This also applies for 2009.

New business generated in the commercial property finance area of business will continue to rise further as forecast over the previous year's results. We anticipate that we will tend to generate more business in Europe. Our new collaborative agreements in France and the UK, in particular, will enable us to further diversify our portfolio of commercial property loans. At the same time we will further expand our sales capabilities in our Germany-based business activities. We also anticipate that business will develop favourably in the syndicated loan segment in the second half of 2008.

Against the background of our good new mortgage business and our additional plans for the Bank, MünchenerHyp plans to raise additional equity capital in the near future to maintain its stable equity capital ratios.

As a result of changed market conditions and increasingly weaker economic growth, we are faced with the challenge of attaining our set targets for this year and the coming years by intensively realising our full potential by resolutely using all available market opportunities. We believe that – even under the current conditions – this is a realistic goal as market developments are working in favour of the business model we practice.

BALANCE SHEET AS OF 30 JUNE 2008

ASSETS		30 June 08	31 Dec. 07
	€	€	€ 000
1. Cash reserve			
a) Cash on hand	9,851.23		26
b) Balances with Central Banks	72,741,578.06		82,104
of which			
with Deutsche Bundesbank € 72,741,578.06			
		72,751,429.29	82,130
2. Claims on banks			
a) Mortgage loans	114,623,691.67		150,732
b) Public-sector loans	2,622,190,595.87		2,991,324
c) Other Claims	1,472,930,601.74		1,319,305
of which			
payable on demand € 154,796,293.81			
		4,209,744,889.28	4,461,361
3. Claims on Customers			
a) Mortgage loans	14,256,812,049.78		13,724,923
b) Public-sector loans	6,539,079,822.11		6,647,097
c) Other claims	202,168,363.22		199,120
of which			
with securities pledged as collateral € 579,427.57			
		20,998,060,235.11	20,571,140
4. Bonds and other fixed-income securities			
a) Bonds and notes	7,468,172,090.22		7,073,323
aa) Public-sector issuers € 1,348,638,844.94			(1,417,529)
of which			
eligible as collateral for Deutsche Bundesbank advances € 1,138,276,182.00			
ab) Other issuers € 6,119,533,245.28			(5,655,794)
of which			
eligible as collateral for Deutsche Bundesbank advances € 5,700,522,966.35			
b) Own bonds and notes	136,076,059.48		50,646
Nominal Value € 137,929,961.53			
		7,604,248,149.70	7,123,969
Carried forward		32,884,804,703.38	32,238,600



LIABILITIES, CAPITAL AND RESERVES	30 June 08	31 Dec. 07
	€	€ 000
1. Liabilities to banks		
a) Registered mortgage Pfandbriefe issued	743,416,081.18	715,448
b) Registered public-sector Pfandbriefe issued	318,233,530.87	258,115
c) Other liabilities	2,642,991,363.19	2,374,595
of which		
payable on demand € 77,209,087.89		
delivered to lenders as collateral		
for loans received		
registered mortgage Pfandbriefe € 553,617.49		
and registered public-sector Pfandbriefe € 518,033.86		
	3,704,640,975.24	3,348,158
2. Liabilities to customers		
a) Registered mortgage Pfandbriefe issued	3,476,979,782.86	3,012,272
b) Registered public-sector Pfandbriefe issued	4,386,043,666.20	4,342,510
c) Other liabilities	880,163,865.59	731,172
of which		
payable on demand € 13,246,187.15		
delivered to lenders as collateral for loans		
received registered mortgage Pfandbriefe		
registered mortgage Pfandbriefe € 5,000,000.00		
and registered public-sector Pfandbriefe € 0.00		
	8,743,187,314.65	8,085,954
3. Certificated liabilities		
a) Mortgage Pfandbriefe issued	7,639,056,896.18	7,144,155
b) Public-sector Pfandbriefe issued	8,128,414,604.67	9,082,569
c) Other bonds issued	4,432,177,156.79	4,332,355
	20,199,648,657.64	20,559,079
4. Liabilities incurred as trustee	284,975.10	302
of which		
loans € 284,975.10		
5. Other liabilities	66,609,313.72	98,572
Carried forward	32,714,371,236.35	32,092,065

BALANCE SHEET AS OF 30 JUNE 2008

ASSETS	30 June 08		31 Dec. 07
	€	€	€ 000
Brought forward		32,884,804,703.38	32,238,600
5. Shares and other variable-yield securities		321,078,328.33	321,078
6. Participating interests and shares in cooperatives			
a) Participating interests	73,085,649.25		73,131
of which			
in banks € 16,728,732.18			
b) Shares in cooperatives	18,500.00		19
of which			
in credit cooperatives € 15,500.00			
		73,104,149.25	73,150
7. Shares in affiliated companies		11,181,101.64	831
8. Assets held in trust		284,975.10	302
of which			
loans € 284,975.10			
9. Intangible assets		3,530,122.56	2,525
10. Tangible assets		82,619,810.38	88,940
11. Other assets		131,503,549.76	100,611
12. Deferred Items			
a) From issuing and lending business	88,992,955.54		105,812
b) Other	1,291,814.60		1,441
		90,284,770.14	107,253
Total assets		33,598,391,510.54	32,933,290



LIABILITIES, CAPITAL AND RESERVES	30 June 08	31 Dec. 07
	€	€ 000
Brought forward	32,714,371,236.35	32,092,065
6. Deferred items		
From issuing and lending business	27,097,604.61	26,259
	27,097,604.61	26,259
7. Provisions		
a) Provisions for pensions and similar obligations	22,437,729.00	21,938
b) Provisions for taxes	5,885,771.69	6,059
c) Other provisions	10,527,794.41	11,882
	38,851,295.10	39,879
8. Subordinated liabilities	116,300,000.00	66,300
9. Profit-participation certificates	57,264,690.70	57,265
of which		
€ 35,790,431.69 are due within two years		
10. Capital and reserves		
a) Subscribed capital	364,669,056.87	370,449
aa) Members' capital contributions € 127,056,806.59		(127,121)
ab) Silent participations € 237,612,250.28		(243,328)
b) Revenue reserves	273,338,340.75	273,338
ba) Legal reserve € 271,804,465.11		(271,804)
bb) Other revenue reserves € 1,533,875.64		(1,534)
c) Unappropriated profit	6,499,286.16	7,735
	644,506,683.78	651,522
Total liabilities, capital and reserves	33,598,391,510.54	32,933,290
1. Contingent liabilities		
Contingent liability on guarantees and indemnities	52,278,212.85	55,876
2. Other commitments		
Irrevocable loan commitments	1,478,462,450.71	1,313,651

INCOME STATEMENT

1 JANUARY THROUGH 30 JUNE 2008

EXPENSES	1 January through	1 January through
	30 June 08	30 June 07
	€	€ 000
1. Interest expenses	733,399,268.62	711,878
2. Commission paid	19,686,179.82	15,595
3. General administrative expenses		
a) Personnel expenses	14,349,929.91	13,636
aa) Wages and salaries € 11,300,258.25		(10,859)
ab) Social security contributions and cost of pensions and other benefits € 3,049,671.66		(2,777)
of which for pensions € 1,450,239.02		
b) Other administrative expenses	10,182,243.79	9,256
	24,532,173.70	22,892
4. Depreciation and write-downs of intangible and tangible assets	1,749,850.00	1,785
5. Other operating expenses	2,372,118.11	2,696
6. Write-downs on and adjustments to claims and certain securities and additions to provisions for possible loan losses	10,424,330.24	7,798
7. Write-downs and adjustments to participating interests, shares in affiliated companies and securities treated as fixed assets	0.00	813
8. Taxes on income and earnings	1,962,594.66	1,886
9. Other taxes not included under "Other operating expenses"	46,504.92	34
10. Profits paid out due to a profit pooling agreement, a profit transfer agreement or a partial profit transfer agreement	7,437,204.73	7,745
11. Net income	5,692,679.37	5,904
Total expenses	807,302,904.17	779,026

NOTES TO THE HALF-YEARLY FINANCIAL STATEMENT AS OF 30 JUNE 2008 (ABRIDGED)

GENERAL INFORMATION ON ACCOUNTING POLICIES

The same accounting and valuation methods used to prepare the annual financial statements as of 31 December 2007 were used to prepare the half-yearly financial statements for Münchener Hypothekenbank eG as of 30 June 2008.

Tax expenses were calculated based on the weighted average of the annual tax rate on income.

AUDITING ASSOCIATION

DGRV-DEUTSCHER GENOSSENSCHAFTS- UND
RAIFFEISENVERBAND e.V.
Berlin, Pariser Platz 3

Munich, 6 August 2008
MÜNCHENER HYPOTHEKENBANK eG
Board of Management



Erich Rödel



Dr. Bernhard Scholz



Klaus Sturm



CERTIFICATION FOLLOWING REVIEW

To Münchener Hypothekbank eG, Munich

We have conducted a review of the abridged interim financial statements – comprising the balance sheet, the income statement, as well as the abridged notes to the financial statements and the interim management report of Münchener Hypothekbank eG, Munich, for the period 1 January to 30 June 2008, all of which are elements of the half-yearly financial report pursuant to Art. 37w Securities Trading Act (WpHG). The preparation of the abridged interim financial statements in accordance with German commercial law, and the interim management report pursuant to the applicable terms of the WpHG, are the responsibility of the cooperative's legal representatives. Our responsibility is to issue a certificate for the abridged interim financial statements and the interim management report based on our review.

We have conducted our review of the abridged interim financial statements and interim management report in accordance with the generally accepted German standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) in Germany. These standards require that we plan and perform the review so that, by way of a critical assessment, we can exclude with a reasonable measure of certainty that the principal elements of the abridged interim financial statements have not been drawn up in conformity with the German commercial rules, and that the principal elements of the interim management report have not been drawn up in conformity with the WpHG regulations applicable to the interim management report. A review is limited primarily to interviewing the personnel of the cooperative and to analytical assessments and therefore does not achieve the level of certainty provided by an audit cannot be achieved. As we were not assigned to conduct an audit we cannot issue an audit certificate.

Based on the information gained from our review, we are unaware of any circumstances that could lead us to the conclusion that principal elements of the abridged interim financial statements were not drawn up in conformity with the requirements of German commercial law, or that the principal elements of the interim management report were not drawn up in conformity with the applicable terms of the WpHG.

Berlin, 12 August 2008
DGRV-DEUTSCHER GENOSSENSCHAFTS- UND
RAIFFEISENVERBAND e.V.

Dr. Ott
Auditor

Lenkawa
Auditor

AFFIRMATION OF THE LEGAL REPRESENTATIVES

To the best of our knowledge and in accordance with applicable reporting principles for interim financial reporting, the interim financial statements give a true and fair view of the assets, liabilities, financial position and earnings situation of the company, and the interim management report of the company includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the anticipated development of the company for the remaining business year.

Munich, 6 August 2008
MÜNCHENER HYPOTHEKENBANK eG
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Erich Rödel

Dr. Bernhard Scholz

Klaus Sturm

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Dr. Phil Zundel
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Münchener Hypothekenbank eG
Karl-Scharnagl-Ring 10 | 80539 Munich
PO box 22 13 51 | 80503 Munich
Tel. + 49 (0) 89 / 53 87 - 800
Fax + 49 (0) 89 / 53 87 - 900
e-mail: serviceteam800@muenchenerhyp.de
Web: www.muenchenerhyp.de