

**Dear shareholders and business associates,**

the official end of hostilities in Iraq marked the return of normality to the extremely edgy financial markets. However, an upswing in the economy has yet to take place. Investor hesitancy continues to hold back growth in the commercial real estate sector, while residential construction is beginning to expand again. MünchenerHyp was able to advance in this environment and benefited from positive developments in certain market segments.

In comparison to the same period last year our mortgage commitments rose by € 249 million to € 751 million, putting us ahead of our forecast figures at mid-year. Our above average growth rate of 50 % is partially due to seasonal shifts.

This base effect will weaken significantly during the second half. Our seasonally adjusted growth amounted to 16 %. In particular, our commitments made for residential construction reflected major progress over the year-ago period and amounted to € 558 million. In comparison to our industry peers we noted far better performance in the residential property-financing sector, which reflects the importance and value of our core business with the Volksbanken and Raiffeisenbanken.

Commitments for commercial property financing totalled € 190 million and remained at last year's level, while their share of total mortgage commitments amounted to 25 % [ 1st half 2002: 40 % ]. More than half of our new business in the commercial property sector was generated abroad.

Public-sector lending commitments rose over the year-ago period by € 1.4 billion [ +58 % ] to € 3.7 billion. Within this segment we benefited from good business opportunities which we realized using congruent refinancing.

Total assets rose by 5.3 % to € 31.4 billion.

During the previous quarters we again noted lively demand for our new issues, which existed for both our secured and unsecured paper. We realized gross proceeds from the sale of refinancing paper of € 4.7 billion. In April we floated a 10-year Jumbo Mortgage Pfandbrief under the lead management of DZ Bank and Deutsche Bank, which was

very well received by the market. The pot-transaction was used here for the first time.

The successful conclusion of two major investment projects was reflected in our profit and loss statement, as was our ongoing organizational and process optimisation project. Administrative expenses declined by 6.1 % from the year-ago period to € 26.6 million. Net interest income was € 61.2 million, and was at last year's level while commission expenses rose marginally to € 3.7 million.

Total net interest less commission costs amounted to € 57.5 million, and were close to last year's results. We responded to the difficult situation in certain property sectors by making conservative provisions for risks. The consolidated results of the extraordinary items and the valuation of financial investments rose by € 0.9 million to € -7.0 million.

Results from business operations, after provisions for risk, rose to € 23.9 million [ + 2 % ].

Although current interest rate levels are sufficiently low to generate greater demand in the property markets, continued uncertainty and the government's announced intention to eliminate private housing subsidies are hindering an upswing.

As a result, major uncertainties will remain throughout 2003. Despite the difficult business and structural situation facing Germany's economy we anticipate that we will meet our higher targets for new business activities and achieve overall satisfactory performance in 2003.

Munich, July 2003  
Board of Management

FIGURES FROM THE BALANCE SHEET

<i>in million € . . .</i>	<i>Jun 30, 03</i>	<i>Dec 31, 02</i>
<b>Claims on banks</b>	<b>5,811.7</b>	<b>4,887.7</b>
Of which:		
Mortgage loans	303.7	315.1
Public-sector loans	4,129.1	3,181.3
Other claims	1,378.9	1,391.3
<b>Claims on customers</b>	<b>17,485.8</b>	<b>17,066.4</b>
Of which:		
Mortgage loans	10,691.5	10,651.2
Public-sector loans	6,734.3	6,347.1
Other claims	60.0	68.1
<b>Bonds and other fixed-income securities</b>	<b>7,358.7</b>	<b>7,380.9</b>
<b>Liabilities to banks</b>	<b>2,182.2</b>	<b>1,892.9</b>
Of which:		
Registered mortgage Pfandbriefe issued	703.3	754.4
Registered public-sector Pfandbriefe issued	253.9	402.7
<b>Liabilities to customers</b>	<b>6,756.4</b>	<b>6,373.6</b>
Of which:		
Registered mortgage Pfandbriefe issued	3,094.1	3,638.1
Registered public-sector Pfandbriefe issued	2,855.9	2,052.1
<b>Certificated liabilities</b>	<b>21,621.4</b>	<b>20,633.8</b>
Of which:		
Mortgage Pfandbriefe issued	5,643.2	5,874.2
Public-sector Pfandbriefe issued	13,704.9	12,947.4
Other bonds issued	2,273.3	1,812.2
<b>Subordinated liabilities</b>	<b>66.3</b>	<b>66.3</b>
<b>Profit-participation certificates</b>	<b>103.3</b>	<b>103.3</b>
<b>Capital and reserves</b> [without member's uncalled liabilities to capital]	<b>438.5</b>	<b>435.4</b>
Of which:		
Members' capital contributions	76.6	76.5
Silent participations	133.5	133.5
Reserves	228.4	225.4
<b>Balance-sheet total</b>	<b>31,444.6</b>	<b>29,866.8</b>

FIGURES FROM THE PROFIT AND LOSS ACCOUNT

<i>in million € . . . For period January 1st to June 30th</i>	<i>2003</i>	<i>2002</i>
Interest income*	790.2	786.9
Interest expense*	735.2	728.6
Current income	6.2	2.8
Net interest income	61.2	61.1
Net commission income	-3.7	-3.3
<b>Net interest income and commission income</b>	<b>57.5</b>	<b>57.8</b>
General administrative expenses		
a) Personnel expenses	13.2	13.1
b) Other administrative expenses	9.6	11.8
Amortization and depreciation of intangible and tangible assets	3.8	3.3
<b>Administrative expense</b>	<b>26.6</b>	<b>28.2</b>
Other operating expenses	0.0	0.0
Net provision for risks	-10.5	-6.1
Valuation results of financial investments	3.5	0.0
<b>Operating result</b>	<b>23.9</b>	<b>23.5</b>

\* Interest from swap transactions is shown net.

NEW BUSINESS

*in million € . . . For period January 1st to June 30th*

	2003	2002
<b>Loan commitments</b>	<b>4,485.9</b>	<b>2,856.3</b>
Of which:		
Mortgage loan commitments	750.5	501.4
Of which:		
Residential property lending	558.4	305.7
Commercial property lending and other loan commitments	190.2	194.3
Other Property Lendings	1.9	1.4
Public-sector business	3,735.4	2,354.9
<b>Mortgage loan disbursements</b>	<b>4,216.3</b>	<b>2,753.9</b>
Of which:		
Mortgage loans	487.0	468.7
Public-sector business	3,729.3	2,285.2
<b>Gross sales of bonds</b>	<b>4,649.3</b>	<b>5,360.5</b>

EMPLOYMENT FIGURES

*. . . For period January 1st to June 30th*

	2003	2002
<b>Average number of employees</b>	<b>373</b>	<b>379</b>
Of which:		
Part-timers	42	41
Trainees	19	22

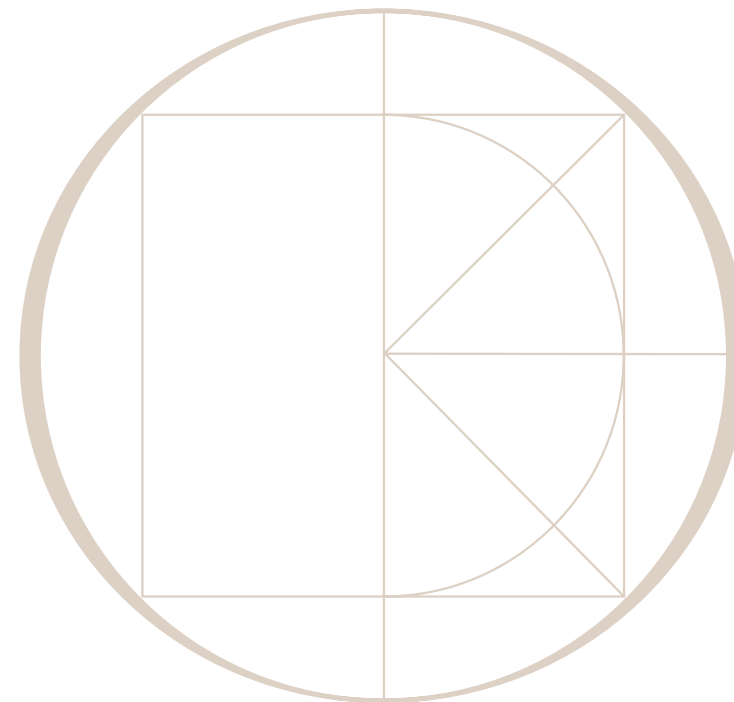
**Board of Management**

Erich Rödel [ Spokesman ] | Dr. Hans-Rainer Förger |  
Horst-Dieter Thiel | Friedrich Munsberg

**Chairman of the Supervisory Board**

Prof. Dr. Willibald J. Folz

Münchener Hypothekenbank eG  
Karl-Scharnagl-Ring 10 | 80539 München  
Postfach 22 13 51 | 80503 München  
Fon [089] 53 87-800 | Fax [089] 53 87-900  
E-mail ServiceTeam800@muenchenerhyp.de  
Internet www.muenchenerhyp.de



Interim Report | June 30th 2003

FIGURES FROM THE BALANCE SHEET  
FIGURES FROM THE PROFIT AND LOSS ACCOUNT  
NEW BUSINESS  
EMPLOYMENT FIGURES

www.liquidnet.de  
609.03.07

Im Finanzverbund der  
Volksbanken und Raiffeisenbanken



Münchener  
Hypothekenbank eG