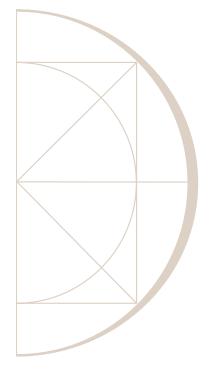
FIGURES FROM THE PROFIT AND LOSS ACCOUNT		
in million $\in \dots$ For period January 1st to September 30th	2004	2003
Interest income	1,143.5	1,181.7
Interest expense	1,091.4	1,099.0
Current income	10.1	8.6
Net interest income	62.2	91.3
Net commission income	-1.2	-5.7
Net interest income and commission income	61.0	85.6
General administrative expenses		
a] Personnel expenses	20.0	20.2
b] Other administrative expenses	15.7	14.4
Amortization and depreciation of intangible		
and tangible assets	5.2	5.1
Administrative expense	40.9	39.7
Other operating expenses	3.0	-0.3
Net provision for risks	-17.6	-16.8
Valuation results of financial investments	6.9	5.3
Operating result	12.4	34.1

NEW BUSINESS		
in millionen € For period January 1st to September 30th	2004	2003
Loan commitments	5,137.4	6,038.3
Of which:		
Mortgage loan commitments	1,032.2	1,135.0
Of which:		
Residential property lending	650.5	790.9
Commercial property lending and other loan commitments	381.7	344.1
Public-sector business	4,105.2	4,903.3
Mortgage loan disbursements	4,972.3	5,560.3
Of which:		
Mortgage loans	905.9	856.7
Public-sector business	4,066.4	4,703.6
Gross sales of bonds	6,025.7	7,536.3
EMPLOYMENT FIGURES		
	2004	2007
For period January 1st to September 30th	2004	2003
Average number of employees	384	374
Of which:	304	3/4
Part-timers	46	42
		, –
Trainees	19	19



Interim Report | September 30th 2004

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

Board of Management

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

Chairman of the Supervisory Board

Prof. Dr. Willibald J. Folz

Münchener Hypothekenbank eG

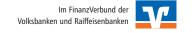
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Dear shareholders and business associates,

the third quarter was marked by a cooling global economy and a further decline in domestic demand in Germany. The pace of Germany's economic recovery slowed significantly from the tempo seen in the first half due to its strong dependence on exports. Despite further declining interest rates, consumers and businesses continued to refrain from making purchases or investments. The construction industry, and especially the housing segment, contracted once again. In contrast, domestic and international commercial property finance deals provided opportunities for growth.

In this difficult business environment the Münchener Hypothekenbank was still able to maintain its market position and stabilize its operating results.

New Business

New mortgage commitments made by the Bank totalled € 1,032.2 million, of which 83.1 % were generated domestically. Our new business results reflect the sluggish economy and were 9.1 % lower than in the same year-ago period. One reason was the high demand for financing that arose in 2003 due to political debates about ending state subsidies for private housing. This effect was absent in 2004 and as a result the Bank recorded a 17.8 % decline in new commitments for private housing mortgages, which amounted to € 650.5 million. This development was partially offset by an increase in new commitments made in the commercial segment, which rose by 10.9 %

to € 381.7 million, of which € 174.9 million was generated outside of Germany.

Commercial property finance represented 37.0 % of our business in comparison to 30.3 % in the same year-ago period.

In comparison to the same period last year we cut back public sector commitments by 16.3 % to € 4.1 billion. The volatility in this area of business, which depends on rapidly changing favorable constellation in the capital markets, remained within normal perimeters.

Refinancing

Our requirements for long-term refinancing resources were marginal. There was lively demand for our paper as we tapped the markets for € 6.0 billion (gross volume). This figure represents a 20 % decline from the year-ago period. In a market environment that favored us, we increased the volume of two Jumbo Pfandbriefe by € 250 million each. After adjustments for repurchases and redemptions net sales amounted to € 1.2 billion.

Balance Sheet and Equity Capital

Since December 31, 2003 total assets have risen by 5.7 % to \in 32.9 billion. Capital plus reserves and retained profits remained unchanged at \in 862.9 million.

Earnings

Our earnings situation in the third quarter developed according to plan in comparison to the first half's figures. At the end of the first nine months we recorded € 61.0 million in net interest and commission income. Although this figure is 28.7 % below the results shown in the same year-ago period, in comparison with the 31.7 % decline we posted for the first six months it shows that we were able to stabilize our earnings situation.

Costs

Following the 3.0 % decline in costs over the same year-ago period we reported on June 30, 2004, administrative costs currently amount to € 40.9 million, or 3.0 % over the same year-ago period. This figure is, however, in line with our plans and does not contradict our previous and planned cost-cutting measures. In fact, the increased costs stem from projects that will lead to a mid-term improvement in the Münchener Hypothekenbank's process efficiency and a sustainable strengthening of its earnings situation.

Risk Situation

The Münchener Hypothekenbank's risk situation did not deteriorate in comparison to the first six months. Total provisions for lending risks made in the nine months ending September 30th amounted to € 17.6 million, marginally higher than the comparable year-ago figure.

Operating Results

Against this background the Bank posted operating results of € 12.4 million at the end of the third quarter 2004, or 36.4 % of the results recorded in the same year-ago period.

Outlook

Because a further deceleration in economic growth is foreseen for the fourth quarter, we do not anticipate that the situation in the property markets will improve notably. We could, however, experience a seasonal upswing in new business and renewed effects related to the proposed elimination or reduction of state subsidies for private housing.

A proposed elimination of the subsidy has passed the lower house of parliament (Bundestag) but is likely to be blocked in the upper house (Bundesrat) by the opposition parties. For these reasons we anticipate that we will see unchanged difficult market conditions in the fourth quarter of 2004. Our expectations for the entire year remain unchanged. We continue to anticipate that we will post significantly lower net interest and commission income than we did last year. For this reason we have placed top priority on implementing additional sustainable measures to increase earnings and decrease costs in order to achieve lasting stability and improved operating results in the future.

Munich, October 2004
The Management Board

FIGURES FROM THE BALANCE SHEET		
in million ϵ	Sept 30, 04	Dec 31, 03
Claims on banks	6,136.0	5,686.6
Of which:		
Mortgage loans	285.8	296.0
Public-sector loans	4,425.2	4,143.0
Other claims	1,425.0	1,247.6
Claims on customers	18,328.9	17,900.4
Of which:		
Mortgage loans	11,085.8	11,011.7
Public-sector loans	7,208.6	6,833.0
Other claims	34.5	55.7
Bonds and other fixed-income securities	7,674.7	6,777.9
Liabilities to banks	2,270.2	1,902.5
Of which:		
Registered mortgage Pfandbriefe issued	722.8	644.7
Registered public-sector Pfandbriefe issued	428.4	392.8
Liabilities to customers	7,136.8	6,562.6
Of which:		
Registered mortgage Pfandbriefe issued	2,650.3	2,929.6
Registered public-sector Pfandbriefe issued	3,943.8	3,056.5
Certificated liabilities	22,593.9	21,771.5
Of which:		
Mortgage Pfandbriefe issued	5,232.7	5,482.1
Public-sector Pfandbriefe issued	12,783.9	13,257.2
Other bonds issued	4,577.3	3,032.2
Subordinated liabilities	66.3	66.3
Profit-participation certificates	100.7	103.3
Capital and reserves		
[without member's uncalled liabilities to capital]	504.7	464.5
Of which:		
Members' capital contributions	112.8	76.6
Silent participations	133.5	133.5
Reserves	258.4	254.4
Balance-sheet total	32,934.5	31,153.3