MünchenerHyp

2013

HALF YEAR FINANCIAL STATEMENTS

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INTERIM FINANCIAL STATEMENTS

OVERALL ECONOMIC CONDITIONS

ECONOMIC DEVELOPMENT

Development of the global economy proved to be slightly more stable than had been anticipated at the beginning of the year. The Japanese economy, above all, recovered, while the American gross domestic product (GDP) rose again after stagnating in the previous quarter. The recession seen in the eurozone continued as its GDP fell by 0.2 percent in the first three months of the year. Figures recorded for industrial production, capital expenditures, as well as imports and exports declined substantially.

The German economy barely advanced in the first quarter as GDP rose by only 0.1 percent. This development was mainly attributed to the long period of unbroken winter weather, which had a particularly strong effect on the construction sector. Investments in the construction sector fell by 8.1 percent in the first quarter. However, due to good demand and the volume of orders noted for residential and public sector construction, the situation in the construction sector already began to recover in April. At the same time, the overall German economy also began to develop more favourably during the second quarter.

The economy was primarily supported by personal consumption, which rose by 0.8 percent in the first quarter and was mainly driven by rising income levels. Although the rate of inflation remained under 2 percent in the first half of the year, it did climb to 1.8 percent in June after hitting its low point in April. Food prices, above all, climbed notably due to cold and wet winter weather. The labour market remained robust despite the weaker economy as the unemployment figure stood at 6.6 percent at the end of June when about 2.9 million people were reported unemployed.

FINANCIAL MARKETS

The situation in the financial markets remained marked by uncertainty and volatility. Interest rates rose initially at the start of the year due to fears of a tightened liquidity situation arising from high repayments of long-term tenders, and expectations of favourable economic development.

Despite the reform measures initiated by countries on the periphery of the eurozone, the sovereign debt crisis remained extremely virulent. This was particularly due to political developments that shook the financial markets, particularly the Italian parliamentary elections held at the end of February which did not result in a clear majority making it exceedingly difficult to form a government. The rescue of Cyprian banks by the Eurogroup and the International Monetary Fund (IMF) also caused serious concerns as did the government crisis in Portugal and Greece's ongoing difficulties in implementing its promised reforms. As a result interest rates in the euro-swap market fell sharply until the beginning of May.

The European Central Bank (ECB) cut its key interest rate by 0.25 percentage points to a new historic low of 0.5 percent at the beginning of May. It justified this move by citing weak economic development and low rates of inflation in the eurozone. In June the American Federal Reserve System (Fed) announced that it planned to end its bond-buying programme by mid-2014 if the American economy finally achieved sustainable growth. This led to a massive rise in interest rates in the USA. Euro-denominated bonds were unable to resist the upward pressure. During their meeting in July the ECB acted to calm the markets by assuring that its key interest rate would remain unchanged or at a low level for an extended period of time.

Equity markets profited as investors shifting funds out of fixed-income securities into stocks. The DAX hit a new historic high of 8,557.86 in mid-May following the ECB's decision to lower its key interest rate. However, the German stock market did see heavy selling and significantly lower prices following the Fed's above-mentioned announcement. Nevertheless, at the mid-year mark the DAX was still around 300 points above its final closing at the end of 2012.

The exchange rate of the US dollar to the euro posted relatively modest changes on the currency markets. However, the euro declined in value to the dollar during the first half of the year due to better economic data in the USA and the two central banks' diverging liquidity policies. The Japanese central bank changed its policy and took massive steps against deflation in Japan. This led to a sharp fall in the value of the Japanese yen, which dropped by almost 15 percent vis-à-vis the euro. The Swiss National Bank maintained its minimum exchange rate target of CHF 1.20/ euro and was able to forego selling additional Swiss francs due to slightly lower quotations.

PROPERTY AND PROPERTY FINANCING MARKETS

RESIDENTIAL PROPERTY – GERMANY

Low interest rates and rising incomes assured unchanging strong demand for houses and apartments. According to statistics released by the Association of German Pfandbrief Banks (VdP), residential property prices rose in the first quarter by 3.5 percent in comparison to the same year-ago period. Prices for condominiums climbed by 5.7 percent, which was again notably stronger than the increase of 2.5 percent recorded for owner-occupied houses. Prices rose further in major metropolitan areas where supply tightened again. As a result, the difference in prices compared to structurally weaker regions widened further.

The number of building permits rose significantly. By the end of April permits had been issued to build just under 80,000 housing units, or 18 percent more than in the same year-ago period.

Mortgage rates fell again to new historical lows at the beginning of May after the ECB cut its key interest rate, although rates have risen again since then. Due to the fact that mortgage rates are still very low when compared with long-term standards, property buyers' sought to secure long-term certainty for interest rates and planning purposes which resulted in high demand for loans with very long terms of fixed interest rates.

Against this background, the volume of new property financing increased substantially. During the first five months of the year the Bundesbank recorded a 5.5 percent increase in the volume of new business, including prolongations.

The unbroken phase of low interest rates coupled with the shrinkage of investment opportunities resulted in visibly intensified competition in the property financing sector. New providers entered the market and credit institutes that had previously left this area of business returned, while established market players strengthened their sales efforts.

Financing structures continued to be marked by high levels of buyer equity, which led to conservative loan-to-value ratios for financing deals despite rising property prices.

RESIDENTIAL PROPERTY – INTERNATIONAL

The European residential property market was split into two parts. In one of them a growing number of markets were stable or showing signs of recovering – especially Denmark, Norway, Poland, Sweden and Switzerland. In contrast, markets in countries on the periphery of the eurozone, as well as the Netherlands, have not yet shown signs of improvement. Developments in the British and French markets continued to be marked by uncertainty, which resulted in slightly lower prices for houses in both countries in the first quarter of the year.

Developments noted in recent years in the Swiss property market continued. Prices paid for housing in the so-called "hot spots" – regions like Zurich, Zug, Geneva and Lausanne – climbed further. The construction sector also developed dynamically and posted a significant increase in sales in the first quarter. Unchanging strong demand for housing was driven by favourable interest rates, low unemployment and a continuation of high immigration levels. The Swiss National Bank continued to view developments with concern and warned that the risk of a substantial price correction had risen. To counteract this risk the Bundesrat (Swiss Federal Council) responded to a request submitted by the Swiss National Bank and activated the so-called countercyclical capital buffer. This measure must be observed by all Swiss banks as of September 30, 2013 and is intended to counter growing imbalances in the mortgage and property market.

The upwards trend seen in the American residential property market continued as did the boom in the rental apartment market. These remained the preferred asset class for investors. Rising mortgage rates as well as uncertain budgetary policies and overall economic conditions could, however, work against a further recovery of the market. The financing market for residential property remained marked by intensive competition, especially between state-supported agencies, banks and life insurance companies.

COMMERCIAL PROPERTY – GERMANY

The German commercial property market benefited once again from the solid state of the German economy. Strong investor demand led to a notable rise in the volume of transactions recorded in the first quarter, which rose by 35 percent to € 7.1 billion. About two-thirds of the total volume of transactions was generated by the property strongholds in major metropolitan areas. Munich was the most preferred location followed by Berlin.

Core properties remained the focal point of investors' interest. Investors expanded their scope of investments to again include properties in stable markets outside of the property strongholds, as well as properties with potential to increase in value. Returns generated by core properties remained stable despite higher demand while returns on properties offering potential growth in B locations increased.

Competition intensified notably in the commercial property financing sector as an unchanged limited supply of core properties encountered strong demand. Furthermore, additional providers, especially insurance companies and institutional funds, tried to establish themselves in the market. This situation was reflected in a notable decline in margins, above all in the highly competitive and low-risk core segment of the market. Another factor driving the tougher competitive environment was the fact that some providers had expanded their scope of financing to include higher-risk markets as well as more complex financing structures.

COMMERCIAL PROPERTY – INTERNATIONAL

The European commercial property markets also developed favourably as the volume of transactions rose in the first quarter by 25 percent to about € 30 billion. The three largest markets, Germany, France and, despite lower sales, Great Britain, accounted for the majority of the transactions. As in the German market, the overall European market saw a greater willingness to accept riskier investments. Nevertheless, core properties in major metropolitan areas remained the preferred class of property. As a result, returns developed stably at a low level.

Investments in France were focused even more strongly on the greater Paris area as the volume of sales soared by over 40 percent in the first three months to € 2.1 billion. 75 percent of the buyers were French. The weak economy, however, did have a negative impact on the office rentals market as about 25 percent less space was rented in the first quarter than in the same year-ago period.

In contrast, investors were less inclined to invest in the British commercial property market as the volume of transactions fell by 16 percent, and by even 20 percent in greater London area, the most important market in the UK. This decline was not surprising as the London market posted record-breaking sales in 2012, which notably limited the availability of properties considered as interesting investments in the first half.

Financing markets in many other European countries developed similarly to Germany's as competition among providers of property financing services intensified significantly. The resulting tightening of margins and widening of the financing spectrum also paralleled developments in Germany.

Most of the segments of the commercial property market in the USA continued to recover. This encouraged investors to focus more on properties carrying greater returns, as well as risk, in better secondary market locations, and properties located on the fringes of primary markets among other things. The commercial property financing market proved to be more stable and liquid due to the notable recovery of the securitisation markets among other things. This resulted in greater competition among providers of financing, who continued to prefer making loans to top-notch borrowers to finance property transactions in core markets, and properties offering stable cash flows. Beyond this, financing was also more available for undervalued properties associated with higher risks, along with more subordinated loans with higher loan-to-value ratios for selected property transactions.

BUSINESS DEVELOPMENT

NEW MORTGAGE BUSINESS

During the first half of the year 2013 we made total commitments of almost € 1.7 billion to finance residential and commercial property. This means that new business was about € 350 million less than in the same year-ago period.

The reason for this was the increasing price competition seen in both the residential property and commercial property financing sectors. After recording very good progress last year in expanding our portfolio of mortgages we do not believe that our key objective should be to achieve for further growth under any condition. It is important to us that we achieve this with adequate margins.

The vast majority of our new business continued to be residential property financing. The volume of commitments made in this segment amounted to € 1.3 billion, following € 1.6 billion recorded in the previous year. The Volksbanken and Raiffeisenbanken remained our most important cooperating partner. During the first half of 2013 we also continued our series of successful sales activities with them. Furthermore, our collaboration with independent financial service providers and the Swiss PostFinance also developed favourably. On an overall basis, the new business results we have achieved position us in line with our plans.

We made new loan commitments of about € 330 million in our commercial property finance business, or about € 80 million less than in same year-ago period.

PUBLIC-SECTOR AND BANK LENDING, AND MUNICIPAL LOANS

The ECB's Outright Monetary Transactions programme, which it unveiled in September 2012, made a further contribution towards calming financial markets. As a result, the peripheral eurozone countries were able to issue bonds at substantially lower spreads, benefiting banks based in these countries. The crisis-laden developments seen in Greece, Italy, Portugal and Cyprus, however, forced spreads in these countries to rise sharply once again in some cases. As a result of the notable excess of liquidity, very creditworthy addresses saw their credit spreads and yields move to absolutely low levels which made them less attractive for investors.

Based on our business strategy we continued to conduct our lending activities with the public-sector and banks with caution and hesitation. Minor investments focused on the European core countries and banks within these countries. In comparison to the same year-ago period, the volume of new lending commitments made in this sector, including our municipal lending business, declined from € 424 million to € 171 million.

REFINANCING

Issuers as well as investors faced great challenges posed by the unchanging low level of interest rates. During the first half of 2013 the volume of maturing covered bonds in the capital market notably exceeded the volume of new issues, which primarily originated in Germany, France and Spain.

We continued our series of successful benchmark issues by placing three large volume Mortgage Pfandbriefe.

The first of the three was an 8-year, € 750 million Mortgage Pfandbrief which we placed in April with a spread of 3 basis points above the mid-swap rate. The strongest demand for the issue was shown by banks and investment funds. A bit more than 50 percent of the ordering volume was placed in Germany. The remaining buyers were spread across other Western European countries including, in particular, Luxembourg, the United Kingdom and France.

Within the same month we issued our first 3-year Mortgage Pfandbrief denominated in British pounds. Banks and investment funds accounted for almost 80 percent of the volume of orders for the issue. The United Kingdom was the primary source of orders with 60 percent, followed by Germany and Switzerland. This issue enabled MünchenerHyp to expand its investor spectrum and strengthen its refinancing basis for its property finance business in the United Kingdom. We were able to raise the initial volume of £ 200 million by an additional £ 100 million shortly after the issue date, which further underlined the success of the issue.

Another benchmark issue, a 15-year, € 500 million Mortgage Pfandbrief, was placed at 17 basis points above the mid-swap rate in June and marked a further entry into new territory for us. More than 90 percent of the issue was placed in Germany as the target group defined for this issue consisted of German insurers, pension funds, and asset managers.

Most of our uncovered refinancing needs were again covered within the Cooperative Financial Network, which represents a strong partner in this segment.

Securities with a total nominal value of € 4.0 billion were issued during the first half of 2013, of which € 2.3 billion were Mortgage Pfandbriefe, € 0.1 billion Public Pfandbriefe, and € 1.6 billion were uncovered securities.

RATING

Moody's confirmed MünchenerHyp's ratings in May 2013.

MÜNCHENERHYP'S RATINGS AT A GLANCE:

	Rating	Outlook
Public Pfandbriefe	Aaa	
Mortgage Pfandbriefe	Aaa	
Long-term liabilities	A2	negative
Short-term liabilities	Prime-1	
Fundamental financial strength	D	negative

In addition, our long-term uncovered liabilities were rated A+ by Fitch, due to the group rating the agency assigned to the Cooperative Financial Network.

SUSTAINABILITY RATING

MünchenerHyp has strengthened its sustainability activities along with the related communications. As a result, oekom research, an independent sustainability rating agency, raised the Bank's rating from von D to C- . We also achieved significant improvement in ratings given by the other two relevant sustainability rating agencies, Sustainalytics and imug.

OVERALL LEGAL CONDITIONS

On June 27, 2013 the Capital Requirements Directive IV (CRD IV) and the Capital Requirements Regulation (CRR) were published in the EU Official Journal. The requirements will take effect on January 1, 2014. With these directives the EU is implementing the new capital and liquidity requirements for banks as defined by Basel III. The timely implementation of the new requirements is putting great pressure on the banking sector as the European Banking Authority has not yet defined numerous technical formats such as the reporting formats to be used for submitting the new key figure Liquidity Coverage Ratio.

APPOINTMENTS

Hans Pfeifer, former Chairman of the Board of Management of Rheinisch-Westfälischer Genossenschaftsverband e.V., stepped down from the MünchenerHyp Supervisory Board at the conclusion of the Delegates Meeting because he had retired in the previous year. Konrad Irtel, Chairman of the MünchenerHyp Supervisory Board, thanked Hans Pfeifer for his great dedication which led to lasting benefits for the Bank.

The Delegates Meeting elected the following persons as new members of the Supervisory Board: Jürgen Hölscher, member of the Board of Management of the Volksbank Lingen eG, and Rainer Jenniches, Chairman of the Board of Management of the VR-Bank Bonn eG.

The new term of office of the Cooperative Advisory Council began in 2013. This Council consists of persons who are members of the board of management at our partner banks in the Cooperative Financial Network. The Advisory Council currently has 21 members. In accordance with the standing rules and regulations of the Advisory Council, 12 members stepped down from the Council at the end of their term at the end of 2012; 13 new members were elected and 8 members were reelected for a second term of office. The composition of the Cooperative Advisory Council is shown on page 20 of this interim financial report.

EARNINGS, FINANCIAL, AND ASSET SITUATION

BALANCE SHEET STRUCTURE

Total assets amounted to € 35.5 billion on June 30, 2013, following € 36.6 billion recorded at the end of 2012.

Our portfolio of mortgage loans expanded further during the first half of the year: on June 30, 2013 it amounted to € 21.1 billion, or € 0.3 billion more than on December 31, 2012. Our

Nominal value in € million	SOVEREIGN STATES		BANKS Covered		BANKS Uncovered		TOTAL	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012
Portugal	70	70	127	147	0	20	197	237
Italy	97	96	40	60	0	0	137	156
Ireland	23	30	60	60	0	0	83	90
Spain	95	122	700	700	5*	5*	800	827
Total	**285**	**318**	**927**	**967**	**5**	**25**	**1,217**	**1,310**

***With explicit state guarantee**

portfolio of loans and securities arising from our business with the public-sector and banks totalled € 11.0 billion, or € 1.0 billion less than the figure recorded at the end of 2012.

The already moderate volume of our investments in bonds issued by peripheral eurozone countries, as well as bonds issued by banks within these countries, or in bonds directly or indirectly guaranteed by a sovereign state from within this region, declined further by about € 100 million since the end of 2012 to currently € 1.2 billion.

As of mid-year our portfolio of securities carried under fixed assets had unrealised losses of € 153 million, or € 91 million less than the figure posted at the end of 2012; € 123 million of this figure was attributable to securities issued by countries on the periphery of the eurozone.

Equity capital as stated on the balance sheet was € 829 million. Liable equity amounted to € 1,200 million and was € 39 million over the figure recorded on December 31, 2012. This increase was due to subscribed capital that has been already received from a currently active program to expand members' capital contributions. The core capital ratio was 10.0 percent at mid-year, while the total capital ratio was 14.6 percent.

DEVELOPMENT OF EARNINGS

During the current year we were able to increase net interest income[1] by 16 percent over the same year-ago figure to € 71.0 million.

The net commission balance[2] amounted to a minus € 23.5 million. Net interest income less commissions income[3] totalled € 47.5 million, or 21 percent more than the same year-ago figure.

Total administrative expenses[4] rose by € 3.8 million to € 36.2 million. Personnel expenses increased by about 9 percent to € 17.4 million, while other administrative expenses climbed to € 15.6 million due to ongoing projects.

Depreciation and write-downs of intangible and tangible assets amounted to € 3.2 million, and was also higher than the previous year's figure.

Other operating income rose to € 5.1 million due to a refund of tax prepayments. Results from operations before provisions for risk[5] amounted to € 14.0 million, which was more than twice as high as the same year-ago figure.

1) Net sum of interest expenses, interest income and current income
2) Net sum of commission costs less commission income
3) Net interest balance and net commission balance
4) General administrative expenses and adjustments to value of intangible and tangible assets
5) Net sum of Income Statement expense items 1. 2. 3. 4. 5. and income items 1. 2. 3. 5.

The item "Write-downs and adjustments to claims and certain securities and additions to provisions for possible loan losses" totalled minus € 12.3 million compared to the same year-ago figure of minus € 6.3 million.

Sales of securities held as fixed assets enabled us to increase the item "Income from reversals of write-downs on participating interests, shares in affiliated companies and securities treated as fixed assets" to € 9.4 million.

Due to the overall favourable course of business seen thus far this year we were able to increase our results from operations after provisions for risk by € 6.7 million to € 11.1 million. After deduction of € 5.7 million in tax expenses, influenced by payment of taxes owed for previous years, we recorded a pro rata temporis net income for the year of € 5.4 million.

CORPORATE PLANNING AND OUTLOOK

CORPORATE PLANNING

MünchenerHyp's business and risk strategy sets the parameters for its main business activities and it was regularly adjusted. Our business strategy continues to be focused on increasing the volume of our mortgage loan portfolio and steadily decreasing the volume of lending business with sovereign states and banks. We made slight adjustments to our risk strategy due to the new regulatory requirements.

OUTLOOK: OPPORTUNITIES AND RISKS

Prospects of the global economy recovering clouded over at the beginning of the second half of the year. As a result, the IMF reduced its anticipated growth figure for the global economy for 2013 to 3.1 percent. This outlook is based on the ongoing recession in the eurozone, as well as the rising risk of economic growth weakening in China and other emerging markets. Furthermore, in contrast to the Fed, the IMF also sees a danger of the American economy weakening due to the government's savings programme. The IMF currently expects that the global economy will not see a very strong recovery in 2014 and anticipates that it will grow by 3.8 percent.

The recession in the eurozone will be worse than originally anticipated at the start of the year. The IMF expects economic performance to decline by 0.6 percent as weak demand and the massive adjustments made by countries on the periphery of the eurozone are having a notable dampening effect. The eurozone is only expected to again record moderate growth in 2014.

It is anticipated that the German economy will brighten up a bit in the second half of the year, although a sweeping upswing is not in sight. On average, forecasts for the entire year are predicting growth of 0.4 percent. The stable labour market is underpinning good domestic consumption and an unbroken favourable outlook for the service sector. It is expected that construction investments will again rise by over 2 percent in 2013. Ongoing high demand for new housing construction will lead to rising numbers of building permits and a growing backlog of orders. It is anticipated that the pace of economic growth will again accelerate notably in 2014. On average, forecasters are expecting Germany's GDP to rise by 1.7 percent.

The ECB has announced that it wants to continue ensuring a sufficient supply of liquidity and that interest rates remain low. A further reduction of the main refinancing rate to 0.25 percent is possible if economic data fail to improve. If the Fed ends its expansive monetary policy as announced, an increase in interest rates could endanger the economic recovery in the eurozone as well as around the world.

The new regulatory requirements placed on banks' liquidity and risk management are expected to lead to a lower volume of covered bonds issued during all of 2013. Banks located in countries on the periphery of the eurozone will continue to use the more favourable refinancing possibilities offered by the ECB, while German banks will only use minor volumes of Public Pfandbriefe to obtain refinancing. Due to the lower volume being offered and high demand, it is likely that issuing spreads will continue to remain low.

We anticipate that the developments noted in the residential and commercial property markets in the first half of the year will generally continue.

The German residential property market will see very high demand in the major metropolitan areas, which will be met by an increasingly limited supply of properties. Even rising number of building permits will only lead to little change in this sector. Experts have forecast that about 250,000 permits will be issued to build housing units in 2013. Demand for new construction is, however, still higher. Buyer's willingness to purchase housing will continue to benefit from interest in safe capital investments, as well as the low interest rates. Provided that the recent moderate increase in interest rates continues, it is expected that the pace of forward business activities will pick up. Rising prices for residential property will continue, although we do not anticipate seeing a strong acceleration in prices. Therefore, we continue to anticipate that we will not see a nation-wide overheating of the market.

We do not await any substantial changes to take place in the Swiss residential property market in the second half of the year. The impact of the countercyclical capital buffer, which will take effect for Swiss banks as of the fall of 2013, on the property and financing markets cannot be estimated at this time.

Forecasts for the German commercial property market in 2013 are favourable. Total transactions of up to € 27 billion, or about 8 percent over the previous year's figure, are expected. This assumption is based on the high level of investor interest in the German market, which is viewed as one of the most significant and attractive markets in Europe. Beyond this, investor interest in Europe will be primarily focused on France and the United Kingdom.

It is anticipated that the recovery of the residential and commercial property markets in the USA will continue. A stabilisation of this development, however, is heavily dependent on the economic situation in the USA. It is anticipated that the residential property market will see unchanging heavy demand by both tenants and investors for rental units.

In view of the heavy demand for, and the great attractiveness of, German residential and commercial property markets we anticipate that competition among financing providers will further intensify. However, we are confident that we will reach our overall new business targets, as we have continuously reinforced our market position in recent years.

In the area of refinancing we anticipate that strong investor interest shown for our Pfandbriefe will enable us to follow-up on the successful issues we placed in the first half of the year despite the generally low yields being offered. A Public Pfandbrief with a volume of € 1.35 billion will mature in October. If needed and with the appropriate market environment, at that time we plan to replace a portion of this amount with a new issue in order to continue remaining active as an issuer in the Public Pfandbrief sector of the market.

We are striving to attain net income for the year 2013 that will exceed the previous year's level.

BALANCE SHEET AS OF 30 JUNE 2013

ASSETS		30 June 13	31 Dec. 12
	€	€	€ 000
1. Cash reserve			
a) Cash on hand	12,598.15		18
b) Balances with Central Banks	31,043,907.53		24,616
of which			
with Deutsche Bundesbank € 31,043,907.53			
		31,056,505.68	**24,634**
2. Claims on banks			
a) Mortgage loans	32,385,895.80		40,844
b) Public-sector loans	935,870,908.11		1,053,438
c) Other claims	2,573,739,731.45		2,947,950
of which			
payable on demand € 1,453,199,485.92			
		3,541,996,535.36	**4,042,232**
3. Claims on customers			
a) Mortgage loans	21,034,665,663.24		20,781,353
b) Public-sector loans	5,245,463,791.31		5,514,100
c) Other claims	125,069,672.75		140,509
of which			
with securities pledged as collateral € 35,865.24			
		26,405,199,127.30	**26,435,962**
4. Bonds and other fixed-income securities			
a) Bonds and notes	5,008,648,783.83		5,817,355
aa) Public-sector issuers € 1,269,090,609.53			(1,397,994)
of which			
eligible as collateral for Deutsche Bundesbank advances € 1,134,115,964.26			
ab) Other issuers € 3,739,558,174.30			(4,419,361)
of which			
eligible as collateral for Deutsche Bundesbank advances € 3,529,307,628.70			
b) Own bonds and notes	246,698,556.30		17,103
Nominal Value € 240,114,236.74			
		5,255,347,340.13	**5,834,458**
Carried forward		35,233,599,508.47	36,337,286

LIABILITIES, CAPITAL AND RESERVES		30 June 13	31 Dec. 12
	€	€	€ 000
1. Liabilities to banks			
a) Registered mortgage Pfandbriefe issued	826,784,755.68		626,744
b) Registered public-sector Pfandbriefe issued	173,729,907.19		207,329
c) Other liabilities	3,929,831,230.38		5,496,174
of which			
payable on demand € 424,284,712.82			
delivered to lenders as collateral for loans received registered mortgage Pfandbriefe € 15,717.94			
and registered public-sector Pfandbriefe € 3,051.43			
		4,930,345,893.25	**6,330,247**
2. Liabilities to customers			
a) Registered mortgage Pfandbriefe issued	5,328,248,175.64		4,515,974
b) Registered public-sector Pfandbriefe issued	4,021,719,135.78		4,200,885
c) Other liabilities	2,596,109,512.02		2,267,617
of which			
payable on demand € 9,224,059.97			
		11,946,076,823.44	**10,984,476**
3. Certificated liabilities			
a) Bonds issued	17,067,177,419.28		17,923,280
aa) Mortgage Pfandbriefe issued € 9,135,117,075.78			(10,234,261)
ab) Public-sector Pfandbriefe issued € 3,252,592,171.02			(3,243,749)
ac) Other bonds issued € 4,679,468,172.48			(4,445,270)
b) Other certified liabilities	416,674,392.92		218,661
of which			
Money market paper € 416,674,392.92			
		17,483,851,812.20	**18,141,941**
4. Liabilities incurred as trustee		**95,894.15**	**113**
of which			
loans € 95,894.15			
5. Other liabilities		**120,899,163.53**	**147,780**
Carried forward		34,481,269,586.57	35,604,557

BALANCE SHEET AS OF 30 JUNE 2013

ASSETS		30 June 13	31 Dec. 12
	€	€	€ 000
Brought forward		35,233,599,508.47	36,337,286
5. Shares and other variable-yield securities		**12,967,344.96**	**13,258**
6. Participating interests and shares in cooperatives			
a) Participating interests	77,508,262.10		77,761
of which			
in banks € 17,189,982.18			
b) Shares in cooperatives	18,500.00		19
of which			
in credit cooperatives € 15,500.00			
		77,526,762.10	**77,780**
7. Shares in affiliated companies		**11,151,601.64**	**11,152**
8. Assets held in trust		**95,894.15**	**113**
of which			
loans € 95,894.15			
9. Intangible assets			
a) Concessions acquired for consideration, commercial rights and similar rights and values, as well as licenses to these rights and values	10,233,752.45		10,499
b) Payments made on account	0.00		0
		10,233,752.45	**10,499**
10. Tangible assets		**74,854,167.48**	**75,224**
11. Other assets		**74,188,704.48**	**64,475**
12. Deferred items			
a) From issuing and lending business	45,612,587.71		52,231
b) Other	2,964,673.29		1,241
		48,577,261.00	**53,472**
Total assets		**35,543,194,996.73**	**36,643,259**

LIABILITIES, CAPITAL AND RESERVES		30 June 13	31 Dec. 12
	€	€	€ 000
Brought forward		34,481,269,586.57	35,604,557
6. Deferred items			
From issuing and lending business	19,607,213.47		22,101
		19,607,213.47	**22,101**
7. Provisions			
a) Provisions for pensions and similar obligations	24,936,003.00		25,066
b) Provisions for taxes	6,260,000.00		2,030
c) Other provisions	15,553,327.68		20,183
		46,749,330.68	**47,279**
8. Subordinated liabilities		**156,200,000.00**	**156,200**
9. Profit-participation certificates		**6,135,502.57**	**16,361**
of which			
€ 0.00 are due within two years			
10. Fund for general banking risks		**4,250,000.00**	**4,250**
11. Capital and reserves			
a) Subscribed capital	539,587,090.35		503,239
aa) Members' capital contributions € 198,939,912.53			(162,592)
ab) Silent participations € 340,647,177.82			(340,647)
b) Revenue reserves	283,838,340.75		283,838
ba) Legal reserve € 282,304,465.11			(282,304)
bb) Other revenue reserves € 1,533,875.64			(1,534)
c) Unappropriated profit	5,557,932.34		5,434
		828,983,363.44	**792,511**
Total liabilities, capital and reserves		**35,543,194,996.73**	**36,643,259**
1. Contingent liabilities			
Contingent liability on guarantees and indemnities		**15,768,877.87**	**20,327**
2. Other commitments			
Irrevocable loan commitments		**2,469,281,000.00**	**2,531,927**

INCOME STATEMENT

1 JANUARY THROUGH 30 JUNE 2013

EXPENSES		1 January through 30 June 13	1 January through 30 June 12
	€	€	€ 000
1. Interest expenses		**540,468,605.34**	**598,073**
2. Commission paid		**28,853,785.35**	**26,256**
3. General administrative expenses			
a) Personnel expenses	17,426,809.86		15,998
aa) Wages and salaries € 14,944,768.82			(13,470)
ab) Social security contributions and cost of pensions and other benefits € 2,482,041.04			(2,528)
of which			
for pensions € 317,100.35			
b) Other administrative expenses	15,591,565.49		13,860
		33,018,375.35	**29,858**
4. Depreciation and write-downs of intangible and tangible assets		**3,200,011.12**	**2,501**
5. Other operating expenses		**2,361,378.76**	**1,589**
6. Write-downs on and adjustments to claims and certain securities and additions to provisions for possible loan losses		**12,322,235.42**	**6,292**
7. Taxes on income and earnings		**5,698,455.03**	**350**
8. Other taxes not included under "Other operating expenses"		**0.00**	**46**
9. Net income		**5,357,507.80**	**4,034**
Total expenses		**631,280,354.17**	**668,999**

INCOME		1 January through 30 June 13	1 January through 30 June 12
	€	€	€ 000
1. Interest income from			
a) Lending and money market operations	521,899,516.67		538,074
b) Fixed-income securities and government debt register claims	89,085,463.81		120,519
		610,984,980.48	**658,593**
2. Current income from			
a) Participating interests and shares in cooperatives	500,455.85		514
		500,455.85	**514**
3. Commission received		**5,284,874.26**	**4,558**
4. Income from reversals of write-downs on participating interests, shares in affiliated companies and securities treated as fixed assets		**9,441,452.40**	**4,872**
5. Other operating income		**5,068,591.18**	**462**
Total income		**631,280,354.17**	**668,999**

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2013 (ABRIDGED)

GENERAL INFORMATION ON ACCOUNTING POLICIES

Münchener Hypothekenbank eG's financial accounts for the first half of 2013 were prepared using the same methods used to prepare the balance sheet and determine valuations shown in the annual statement of accounts as of December 31, 2012.

Tax expenses noted for the period January 1, 2013 to June 30, 2013 were calculated based on the weighted average of the annual tax rate on income. Furthermore, the item tax expenses also includes additional tax payments made for previous years.

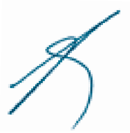
AUDITING ASSOCIATION

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

Munich, 2 August 2013
MÜNCHENER HYPOTHEKENBANK eG
Board of Management


Dr. Louis Hagen


Bernhard Heinlein


Michael Jung

CERTIFICATION FOLLOWING REVIEW

To Münchener Hypothekenbank 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 Hypothekenbank eG, Munich, for the period 1 January to 30 June 2013, all of which are elements of the interim financial statements 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 Institute of Public Auditors 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, 2 August 2013
DGRV – DEUTSCHER GENOSSENSCHAFTS- UND
RAIFFEISENVERBAND e.V.

Gahlen	Markatos
Auditor	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, 2 August 2013
MÜNCHENER HYPOTHEKENBANK eG
Board of Management

Dr. Louis Hagen | Bernhard Heinlein | Michael Jung

BODIES

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Bernhard Heinlein
Michael Jung

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Thomas Petersen ... Bank director
Klaus Pohl ... Managing director
Frank Ritter ... Attorney, Notary
Christian Scheinert ... Bank director
Dr. Martin Schilling ... Bank director
Andreas Schmidt ... Certified Property Specialist
Hans Schmitt ... Bank director
Klaus Otmar Schneider ... Bank director
Thorsten Schwengels ... Bank director
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Martin Trahe ... Bank director
Birgit Türschmann ... Bank director
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Heinz-Walter Wiedbrauck ... Bank director
Michael Zaigler ... Managing director

IMRPINT

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