

Dear shareholders and investors,

Despite historically low interest rates, private real estate investors continued to postpone their investments in light of the poor overall economic conditions.

In a generally weak market characterized by low demand for financing, our new mortgage lending tracked the industry's performance and declined by 19.5 %. The volume of new commitments for residential construction amounted to € 507.2 million. This core segment represented 60 % of our total commitments. Commercial real estate loans made amounted to € 353.9 million, of which loans made in neighboring countries accounted for € 163.8 million.

The general economic situation, together with current discussions about cuts in state building subsidies, as well as proposed sales taxes on increases in the value of real estate have all combined to introduce added elements of uncertainty into the real estate market. Unfortunately, the ultimate impact of these elements on the mortgage business is still unclear.

We benefited from our good refinancing situation and increased public-sector commitments by 36 % over the same year-ago period to € 3.9 billion. Of this, our direct lending business with municipalities amounted to € 655.6 million.

Total assets increased by 6 % to € 31.4 billion.

We tapped the capital markets for a total of € 6.9 billion, or 8.9 % more, to refinance our lending activities. Good ratings and the continuous care of our good standing as an issuer were key reasons why the MünchenerHyp's Pfandbriefe remained comparatively unaffected by the increasing spreads noted in the market. In contrast to

the previous year we focused more strongly on smaller transactions (€ 10 – 25 million). We noted strong demand, especially among institutional investors, for our tailor-made registered Pfandbriefe.

We initiated a joint process optimization project with a consulting firm in order to start realizing the improved productivity benefits from the IT investments we made over the past two years.

Our Profit and Loss Statement showed a 7.1 % increase in net interest and commissions to € 85.9 million. Administrative costs increased by 11.3 % over the year-ago period to € 42.7 million. Of these costs, personnel expenses rose by 3.5 % while remaining administrative costs climbed by 6.4 % to € 18.2 million due to the move into our new building and the ongoing conversion of our IT system. Depreciation of fixed assets rose in tandem to € 5 million.

Results from normal business operations as at September 30th were comparable to the year-ago period and totaled € 33.8 million.

Due to our risk-averse lending policies we were able to keep our provisions for non-performing loans at a comparably low level of € 11.6 million. We have, however, noted that increased caution is still called for in some regional market sectors and industries. Our risks remain well under control due to the broad diversification of our loan portfolio.

We anticipate that our level of business, as well as the overall economic conditions, will remain basically unchanged during the 4th quarter.

The Board of Management
Munich, November 2002

FIGURES FROM THE BALANCE SHEET

<i>in million Euro . . .</i>	<i>30.9.2002</i>	<i>31.12.2001</i>
Claims on banks	4,921.9	5,109.2
Of which:		
Mortgage loans	310.3	311.8
Public-sector loans	3,314.2	3,436.5
Other claims	1,297.4	1,360.9
Claims on customers	17,105.4	16,433.5
Of which:		
Mortgage loans	10,537.3	10,244.4
Public-sector loans	6,421.1	6,092.6
Other claims	147.0	96.5
Bonds and other fixed-income securities	8,528.8	7,376.8
Liabilities to banks	1,693.2	2,140.9
Of which:		
Registered mortgage Pfandbriefe issued	645.1	829.9
Registered public-sector Pfandbriefe issued	655.6	525.1
Liabilities to customers	6,214.7	5,880.2
Of which:		
Registered mortgage Pfandbriefe issued	3,529.0	3,426.2
Registered public-sector Pfandbriefe issued	1,910.1	1,671.5
Certificated liabilities	22,212.9	20,578.1
Of which:		
Mortgage Pfandbriefe issued	5,665.0	5,423.8
Public-sector Pfandbriefe issued	14,751.7	12,788.4
Other bonds issued	1,796.2	2,365.9
Subordinated liabilities	66.3	66.3
Profit-participation certificates	103.3	103.3
Capital and reserves [without member's uncalled liabilities to capital]	422.4	418.4
Of which:		
Members' capital contributions	76.4	75.5
Silent participations	133.5	133.5
Reserves	212.4	209.4
Balance-sheet total	31,383.5	29,616.0

FIGURES FROM THE PROFIT AND LOSS ACCOUNT

<i>in million Euro . . . For period January 1st to September 30th</i>	<i>2002</i>	<i>2001</i>
Interest income from	1,768.9	1,762.1
Interest expense	1,680.8	1,677.3
Current income from	3.1	1.3
Net interest income	91.2	86.1
Net commission income	- 5.3	- 5.9
Net interest income and commission income	85.9	80.2
General administrative expenses		
a) Personnel expenses	19.6	19.0
b) Other administrative expenses	18.2	17.1
Amortization and depreciation of intangible and tangible assets	5.0	2.4
Administrative expense	42.8	38.5
Other operating expenses	- 0.3	0.1
Net income from financial investments	2.6	0.0
Net provision for risks	- 11.6	- 8.4
Operating result	33.8	33.4

NEW BUSINESS

<i>in million Euro . . . For period January 1st to September 30th</i>	2002	2001
Loan commitments	4,794.6	3,953.3
Of which:		
Mortgage loan commitments	862.6	1,071.8
Of which:		
Residential property lending	507.2	683.5
Commercial property lending and other loan commitments	353.9	386.1
Other Property Lendings	1.5	2.2
Public-sector business	3,932.0	2,881.5
Mortgage loan disbursements	4,616.2	3,655.8
Of which:		
Mortgage loans	729.6	720.6
Public-sector business	3,886.6	2,935.2
Renewals	242.2	246.6
Gross sales of bonds	6,873.7	6,310.8

EMPLOYMENT FIGURES

<i>. . . For period January 1st to September 30th</i>	2002	2001
Average no of employees	378	389
Of which:		
Part-timers	42	38
Trainees	19	21

Board of Management

Dr. Hans-Ludwig Bungert | Dr. Hans-Rainer Förger | Erich Rödel | Horst-Dieter Thiel

Chairman of the Supervisory Board

Prof. Dr. Willibald J. Folz

Münchener Hypothekenbank eG

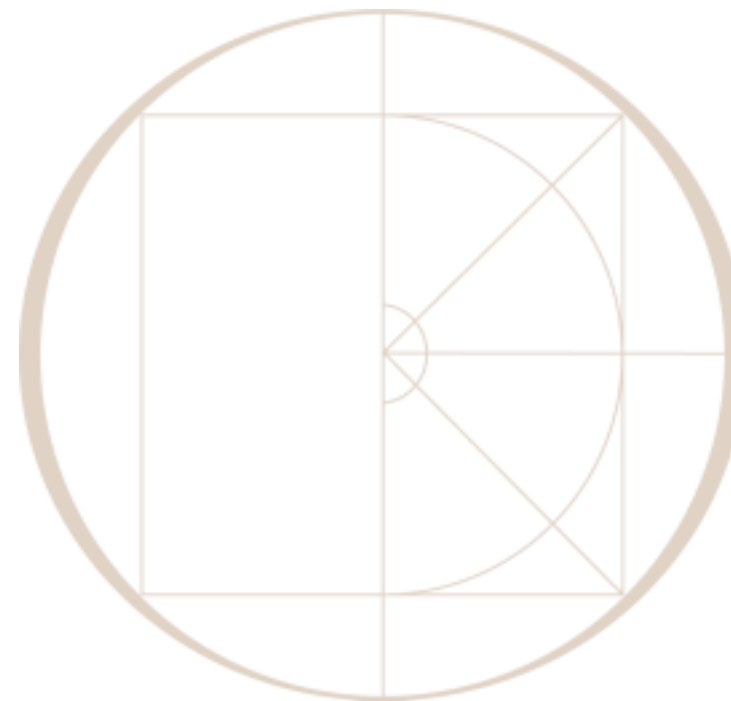
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Im Finanzverbund der
 Volksbanken und Raiffeisenbanken



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