



Interim financial report

30 June 2010



Member of the
Cooperative Financial
Services Network

Deutsche
Genossenschafts-
Hypothekebank



Overview

Business development	1 Jan to 30 Jun 2010	1 Jan to 30 Jun 2009
	€ mn	€ mn
Development of new business		
Commercial Real Estate Finance	2,335	1,978
German originated/ Cooperative Financial Services Network	1,554	1,534
International and Secondary Market Business	781	444
Treasury		
Local authority lending	410	189
Pfandbrief sales and other sources of refinancing	4,567	1,979
Balance Sheet	30 Jun 2010	31 Dec 2009
	€ mn	€ mn
Total assets	64,958	68,075
Real estate lending	21,578	21,235
Mortgage Backed Securities (MBS)	3,685	3,686
Public-sector and local authority loans	35,778	38,643
Covered bonds (Pfandbriefe) and other debt securities	45,657	52,424
Profit and Loss Account	1 Jan to 30 Jun 2010	1 Jan to 30 Jun 2009
	€ mn	€ mn
Gross profit	120.7	100.7
Administrative expenses	58.0	50.6
Revaluation results	-52.1	-29.9
Provisions for loan losses	42.5	45.0
Operating profit	-31.9	-24.8
Net extraordinary income/expenses	41.8	27.8
Profit transfer	0.0	0.0
Employees	30 Jun 2010	31 Dec 2009
	Number of staff	Number of staff
Half-yearly average (unweighted headcount)	452	459

Contents

Welcome	4
Interim Management Report	6
Economic environment	6
Business development	7
Financial situation and results of operations	9
Report on opportunities and risks	12
Interim Financial Statements	14
Condensed balance sheet	14
Condensed profit and loss account	16
Notes to the financial statements	17
Responsibility Statement	22
Review report	23
DG HYP contacts and office addresses	24

Ladies and Gentlemen, dear business associates,

Commercial real estate finance, DG HYP's core area of business, continued to develop positively during the first six months of the current year. The commercial real estate market itself has started to recover from its lows, the volume of transactions has picked up, and the economic outlook is improving on the back of positive export development. Nevertheless, the effects of the crisis affecting financial markets are still lingering, which was clearly demonstrated again recently by the rescue package created to support the peripheral EU states.

Supported by the stable refinancing available within DZ BANK Group, we continued to grow our market share in commercial real estate finance, where we concentrated on high-quality business with a balanced risk and return profile – in line with our strategy. We proved ourselves as a reliable financing partner to our clients throughout the crisis, and deepened our business relationships.

The volume of new business originated in Commercial Real Estate Finance in the first half of 2010 amounted to € 2.34 billion, representing an 18.0 per cent improvement on the result for the same period of the previous year. We are satisfied with this development. We registered the highest rate of increase in our business with German cooperative banks, having further enhanced our range of products and services offered to the German Cooperative Financial Services Network: we have thereby intensified cooperation with the cooperative banks.

The positive development in margins allowed us to realise new business volume in the local authority lending business that was ahead of our expectations. Our Treasury unit refinances our business in an efficient manner, at attractive cost. DG HYP's Pfandbrief issues have established a track record as a successful refinancing instrument.

Our business strategy, which is focused on long-term sustainability and continuity, is also reflected increasingly in our operative results, which are developing in a satisfactory manner. The success of the restructuring measures introduced in August 2008 are clearly noticeable. Our business model as a commercial real estate bank is having a notable impact, and the key drivers of profitability have surpassed projections. Nonetheless, results of operations are still burdened by legacy problems in non-strategic portfolios, especially in the MBS portfolio. DZ BANK will thus be required to make a contribution to balance DG HYP's results in the current financial year, as planned.

The Bank's positive business development in the first six months shows our well-established position as a financing partner to our clients. This market position forms a good basis for our strategy of continuously growing the business, and for achieving our targets for the year 2010 as a whole.

*Deutsche Genossenschafts-Hypothekenbank AG
The Management Board*

Hamburg, August 2010

Economic environment

The German economy performed better than expected in the first six months of 2010. While the Federal government forecasted a 1.2 per cent rise in gross domestic product for 2010 at the start of the year, this figure has meanwhile been adjusted upwards to 2 per cent. Some economic research institutes now even anticipate GDP to rise by as much as 2.5 per cent. This economic performance has largely been attributable to the positive momentum for German exports generated by global economic developments. The industrial sector, which is supported by the manufacturing industry, was a key beneficiary. The German construction industry also performed better than expected in the first half of 2010 after the long and hard winter, recording a rise in orders received. Unemployment has fallen considerably in the last six months: at 3.15 million, it was at the lowest level since the end of 2008.

Private consumption was down slightly in the first six months of 2010 and is likely to remain subdued in the second half of the year too. In light of the extensive cost-saving measures that were implemented to consolidate the budgets of European Union member states, export growth is expected to weaken slightly in the course of the year.

The German investment market continued to develop favourably during the first six months of 2010. Aggregate transaction volumes in commercial real estate amounted to € 9.4 billion (according to a survey by Jones Lang LaSalle), and therefore more than doubled over the same period of the previous year. Investors are also focusing more closely on Germany again as a stable business location. Additionally, investors are showing considerably greater interest in larger-sized transactions. This uptrend is expected to remain intact in the second half of 2010.

Business development

Commercial Real Estate Finance

In the first six months of the current year, DG HYP further strengthened its good market standing, which it had established with its clients in the course of the financial markets crisis. New business in commercial real estate finance amounted to € 2,335 million for the period ended 30 June 2010: this represented an 18.0 % year-on-year increase (H1 2009: € 1,978 million). DG HYP financed high-quality business at reasonable margins, originating exposures with a good risk/return ratio. We are satisfied with this result, particularly since the competitive pace has heightened again as many competitors return to the market.

DG HYP's Commercial Real Estate Finance activities encompass direct client business; the Bank also acts as a partner to the German Cooperative Financial Services Network. DG HYP exclusively offers classic real estate finance, whereby the loans extended form the basis for long-term business relationships. Decentralised expertise, deployed through local front and back office teams, ensures efficient decision-making processes. The Bank's Commercial Real Estate Finance activities are focused on the core segments of office, residential and retail properties. DG HYP is also involved in the specialist segments of hotels, logistics and real estate for social housing, within the scope of its credit risk strategy. Target clients are private and institutional investors, housing companies, as well as commercial and residential property developers.

DG HYP is the specialist for commercial real estate finance in the German Cooperative Financial Services Network. DG HYP's range of products and services, together with a joint market coverage concept to explore potential business, supports the 1,200-odd cooperative banks in this area of business, in their regional markets. With six real estate centres in Germany's major cities – namely

Hamburg, Berlin, Dusseldorf, Frankfurt/Main, Stuttgart and Munich – DG HYP has established an effective, decentralised nationwide presence. By cooperating with DG HYP, the cooperative banks can promote long-term loyalty among their medium-sized real estate clients, acquire attractive new clients, and explore profitable crossselling potential.

The domestic originated and cooperative sector business is DG HYP's core market, where the Bank originated € 1,554 million in new business during the period ended 30 June 2010 (H1 2009: € 1,534 million). Business with the Cooperative Financial Services Network grew above average.

At € 781 million as at 30 June 2010, DG HYP's new international/secondary market business increased over the same period of the previous year (H1 2009: € 444 million). This development was largely attributable to the significant growth in German syndicated lending and the successful coverage of German clients in international markets.

Local authority lending

By extending loans to public-sector authorities, DG HYP supports its partner banks in the German Cooperative Financial Services Network in their local authority lending business. Benefiting from a positive development in margins, the Bank realised new business volume totalling € 410 million on 909 transactions (H1 2009: € 189 million).

Refinancing

The debt crisis affecting the euro member states, particularly those at the Southern periphery of the European Union, led to diverging capital markets trends during the first half of 2010: whilst the risk premiums of the so-called 'PIIGS' countries (Portugal, Ireland, Italy, Greece, Spain)

soared in some cases, the German bond market benefited more than ever from rising investment demand. Investor interest was not only focused on public-sector bonds. Despite falling interest rates and narrowing spreads, *Pfandbriefe* could also be placed successfully. At € 4,567 million, DG HYP exceeded the previous year's placement volumes (H1 2009: € 1,979 million), in line with its refinancing schedule.

Financial situation and results of operations

Profit and loss account

All of DG HYP's key operating earnings components are in line with expectations. They confirmed the sustainability of the Bank's business model – as a provider of commercial real estate finance, adhering to traditional financing principles in a strong financial services group – in the first half of 2010. New commercial real estate finance business, yielding good returns related to the risk exposures taken on, contributed significantly to stable results of operations. This means that the Bank's strengthening operating profitability increasingly helps to offset default risks from the non-strategic portfolios, which it continues resolve on schedule.

Against this background DG HYP's gross profit grew by 20% in the first half of 2010, from € 100.7 million as at 30 June 2009 to € 120.7 million. The 17% rise in net interest income to € 102.6 million – generated, as in the past, without resorting to structural measures – contributed significantly to this increase: it was due especially to the ongoing replacement of retail real estate financing with the higher-margin commercial real estate lending business. At the same time, impacted by higher service fees in the target business of commercial real estate financing, net fee and commission income realised a year-

on-year increase of € 4.6 million, rising from € 4.2 million to € 8.8 million.

At € 58.0 million, administrative expenditure was up € 7.4 million on last year's figure, in line with expectations. € 5.6 million of the increase is accounted for by a change of methodology in currency translation in the course of implementing the German Act on the Modernisation of Accounting and Reporting Laws (*Bilanzrechtsmodernisierungsgesetz*). Other current expenses are on target, and are evidence of the lasting improvements that were made to DG HYP's cost structures as a result of the restructuring.

Provisions for loan losses of € 42.5 million were down slightly on the previous year's figure of € 45.0 million, and thus in line with projections. Loan defaults are largely defined by subordinated debt (so-called 'B' notes) in 2010 too, in which DG HYP ceased transactions in 2008.

Furthermore, as at 30 June 2010, the revaluation results were burdened by write-downs of € 52.8 million on mortgage-backed securities (30 June 2009: € 32.3 million).

Net extraordinary income/expenses of € 41.8 million resulted largely from DZ BANK's income contribution, which was higher on the reporting date than the same period of 2009 (€ 27.8 million) owing to the write-downs for MBS. This ensured a break-even interim result after taxes and partial profit transfers.

Balance sheet development

In expanding the commercial real estate loan portfolio, total real estate lending increased by € 0.3 billion to € 21.6 billion, whilst retail real estate lending exposures were redeemed in line with DG HYP's strategy. Nevertheless, DG HYP's total assets fell by a further € 3.1 billion during the period under review, as planned, to € 65.0 billion. Essentially, this reflected a € 2.9 billion reduction in the portfolio of public sector loans and loans to local authorities compared with 31 December 2009. Loans to local authorities declined by € 0.8 billion to € 15.7 billion. Pursuant to DG HYP's strategy, the portfolio of exposures eligible as cover assets for public-sector covered bonds was scaled back by € 2.1 billion to € 20.1 billion.

Reflecting developments on the assets side, the volume of outstanding Pfandbriefe and other bonds fell by € 6.8 billion.

Report on material events after the reporting date

No events occurred between 1 July 2009 and 6 August 2010 that would have had a material impact on our results for the first six months of 2010.

Report on opportunities and risks

The commercial real estate finance business is subject to an ongoing consolidation process. Rising transaction volumes and (in some instances) higher real estate prices in key markets are evidence that the cautious stance resulting from the global economic and financial markets crisis has emerged from its lows. This rise in demand is not yet fully matched by the supply side, since the banks' fundamental readiness to provide financial backing is still impeded by their efforts to resolve the consequences of the crisis. As we see it, this process of change offers opportunities and growth potential for DG HYP, which has continuously enhanced its competitive position during the crisis.

Our strategically located real estate centres, which form a tightly-knit network – as well as our integration in the German Cooperative Financial Services Network – provide DG HYP with a suitable foundation in terms of sales and funding alike. The return to the classic foundations of financing corresponds to our business model as a traditional real estate bank. We will leverage these opportunities to consistently maintain our share of the market, through our professional approach from originating business to managing risk.

Given this situation, we are anticipating that the level of new commercial real estate finance business will continue to be attractive during the second half of 2010. A sound risk/return profile in new commercial real estate loans will stabilise DG HYP's results in a sustainable way.

Whilst DG HYP will benefit from greater market opportunities in its Commercial Real Estate Finance business, the Bank will continue to be exposed to heightened default risks, especially in its mortgage-backed securities (MBS)

portfolio. The Bank is intensively monitoring these investments, using a detailed risk management system, regular analyses of individual exposures, and comprehensive stress testing. The development of major risk factors however, makes further write-downs likely. We also still expect occasional defaults in our originated loan portfolio, affecting subordinated debt in particular.

DG HYP's securities portfolio also includes bonds issued by the euro zone peripheral states, acquired within the scope of the public finance business which the Bank generally discontinued in 2008. In principle, these securities were purchased as cover assets for our public-sector covered bond issues, with a view to holding them over a long-term period, and are carried at amortised cost. On the basis of the rescue packages arranged by the European Union (EU), the European Monetary Fund (EMF) and the European Central Bank (ECB), we do not expect any permanent impairments on this portfolio. As we see it, the restoration of market participants' confidence in the sustained economic stability of the euro zone will form the basis for the market stabilisation we anticipate. In particular, this requires a credible and proven willingness (as well as the ability) of the peripheral states to balance their budgets.

On the whole, we expect to meet revenue targets in our operative business for 2010 as a whole. Defaults – particularly in the MBS portfolio and on subordinate debt – in the current financial year will, however, need to be compensated by income contribution from DZ BANK, albeit to a lesser extent than in the previous year. On this basis, we believe we will achieve a break-even result for the financial year.

Interim Financial Statements

Condensed balance sheet

Assets

	30 Jun 2010	31 Dec 2009
	€ mn	€ mn
Cash funds	–	1
Loans and advances to banks	2,823	3,231
Loans secured by property mortgages	89	100
Loans to local authorities	1,566	1,696
Other loans and advances	1,168	1,435
Loans and advances to customers	36,677	37,043
Loans secured by property mortgages	21,489	21,135
Loans to local authorities	14,149	14,798
Other loans and advances	1,039	1,110
Bonds and other fixed-income securities	24,105	26,273
Bonds and debt securities	23,959	26,046
Public-sector issuers	10,549	11,625
Other issuers	13,410	14,421
Own bonds issued	146	227
Equities and other non-fixed-income securities	4	112
Investments in affiliated companies	2	2
Trust assets	869	792
Intangible fixed assets	–	1
Tangible fixed assets	153	153
Other assets	45	158
Prepaid expenses	280	309
Total assets	64,958	68,075

Interim Financial Statements

Condensed balance sheet

Liabilities and equity

	30 Jun 2010	31 Dec 2009
	€ mn	€ mn
Liabilities to banks	16,483	12,456
Registered mortgage bonds (<i>Hypotheken-Namenspfandbriefe</i>)	1,089	951
Registered public-sector covered bonds (<i>öffentliche Namenspfandbriefe</i>)	1,995	2,011
Other liabilities	13,399	9,494
Liabilities to customers	15,656	16,016
Registered mortgage bonds (<i>Hypotheken-Namenspfandbriefe</i>)	2,647	2,609
Registered public-sector covered bonds (<i>öffentliche Namenspfandbriefe</i>)	10,376	10,564
Other liabilities	2,633	2,843
Securitised liabilities	29,551	36,290
Mortgage bonds (<i>Hypothekenpfandbriefe</i>)	9,263	10,805
Public-sector covered securities (<i>öffentliche Pfandbriefe</i>)	16,129	19,213
Other debt securities	4,159	6,272
Trust liabilities	869	792
Other liabilities	25	56
Deferred income	224	247
Provisions	121	126
Subordinated liabilities	566	610
Profit-participation certificates	56	56
Equity	1,407	1,426
Total equity and liabilities	64,958	68,075
Contingent liabilities	528	532
Other commitments	1,976	2,210

Condensed profit and loss account

	1 Jan to 30 Jun 2010	1 Jan to 30 Jun 2009
	€ mn	€ mn
Interest income	1,227.6	1,966.7
Interest expenses	1,125.0	1,879.2
Net interest income	102.6	87.5
Commission income	16.3	13.6
Commission expense	7.5	9.4
Net commission income	8.8	4.2
Other operating income	9.3	9.0
Gross profit	120.7	100.7
Administrative expenses	58.0	50.6
General administrative expenses		
Personnel expenses	18.2	21.2
Other administrative expenses	28.5	27.5
Amortisation/depreciation and write-downs of intangible and tangible fixed assets	1.4	1.5
Other operating expenses	9.9	0.4
Amortisation and write-downs of loans and advances and specific securities, as well as additions to loan loss provisions of which: Provisions for loan losses	42.6 42.5	36.0 45.0
Amortisation and write-downs on participations, interests in affiliated companies, and investment securities	52.0	38.9
Result from ordinary activities	-31.9	-24.8
Extraordinary income	42.0	27.8
Extraordinary expenses	0.2	0.0
Net extraordinary income/expenses	41.8	27.8
Taxes on income	-	-2.2
Other taxes	0.1	0.2
Profits transferred under partial profit transfer agreements	9.8	5.0
Net income	0.0	0.0

Notes to the financial statements

General information

General information on the preparation of the half-yearly financial report

DG HYP's interim financial report as at 30 June 2010 has been prepared in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch* – "HGB"). The provisions of the German Act on the Modernisation of the Accounting and Reporting Laws (*Bilanzrechtsmodernisierungsgesetz* – "BilMoG", amending the HGB), which was adopted on 26 March 2009 by the German parliament, were implemented for the first time. Pursuant to section 67 (8) sentence 2 of the Introductory Law to the German Commercial Code ("EGHGB"), the Bank did not exercise its option to adjust the previous year's figures, since the related overall changes would have been immaterial.

Furthermore, the interim financial report is prepared in accordance with the German Accounting Directive for Banks (*Verordnung über die Rechnungslegung der Kreditinstitute* – "RechKredV"); it fulfils the requirements of the German Public Limited Companies Act (*Aktengesetz* – "AktG") and the German Pfandbrief Act (*Pfandbriefgesetz* – "PfandBG").

The interim financial report was subject to a review pursuant, in addition, to German Accounting Standard No. 16 (Interim Financial Reporting).

Accounting policies

The present interim report is generally based on the same accounting policies as were applied in the financial statements as at 31 December 2009. Any deviations are the result of amendments to the HGB enacted through the BilMoG: to a very large extent, these amendments first affected the figures for the 2010 financial year (and hence, this interim report).

Loans and advances to banks/to customers

Loans and advances to banks and customers are recognised at nominal value, in accordance with section 340e (2) of the HGB. Where their stated value differs from the amount disbursed, or

cost, the amount of the difference is reported under prepaid expenses or deferred income and amortised in interest income over the term of the transaction.

Loans and advances which are fully classified as current assets are valued strictly at the lower of cost or market. All existing individual lending risks are covered by specific loan loss provisions. As prescribed by international accounting standards, changes over time in the value of real estate collateral recognised for the purposes determining the value of receivables are reported in net interest income. In the previous year, this so-called 'unwinding effect' was still reported under provisions for loan losses; it amounted to € 3.7 million as at 30 June 2010.

Beside this policy, no income received on commercial real estate financings for which a specific provision has been recognised is reported in net interest income: receipts for such exposures are set off against the provision for loan losses. In case of a settlement of private real estate financing, interest income is not recognised any more where it becomes obvious during execution proceedings that the realisable proceeds will fall short of the carrying amount.

Existing risks of default in the retail lending business are covered by recognising specific provisions at a flat rate. Tax-deductible general loan loss provision are formed to cover expected loan losses which have been incurred but not identified as such at the balance sheet date. Specific provisions for possible loan losses related to country risk exposure under claims to foreign borrowers are recognised in the form of a lump-sum allowance.

Damages for prepayment charged for loan repayments or extensions during the fixed-interest term of a loan are fully recognised in interest income.

Debt and other fixed-income securities

At the balance sheet date, all debt securities and other fixed-income securities are carried as fixed assets (investment securities), at amortised cost, except repurchased own issues which are valued strictly at the lower of cost or market. Premiums and discounts are amortised in net interest income over the term of the securities.

At the balance sheet date, the fair value of investment securities was € 491.7 million lower than their book value. Interest rate risk exposure from fixed-income securities is hedged using corresponding derivatives. Taking into account the effects of synthetic hedges that can be allocated to the hedged items, an extraordinary write-down in the aggregate amount of € 1,989.9 million for investment securities due to the expected temporary nature of the impairment, pursuant to section 253 (3) sentence 3 of the HGB was not recognised. Based on our current assessment, no impairment of interest and principal payments is expected to occur with respect to these securities and the related hedges.

However, extraordinary write-downs on mortgage-backed securities (MBS) in the amount of € 52.8 million, pursuant to section 253 (3) sentence 3 of the HGB were recognised because the impairment of the securities to be of a permanent nature was expected.

Price data used to determine the fair value of debt and other fixed-income securities is generally taken from an external price feed. Due to a lack of transaction volumes, no valid market price could be determined for few securities held. In these exceptional cases, internal validation mechanisms were used to determine the relevant price on the basis of the discounted cash flow method. Future cash flows from interest and principal were projected and discounted to their present value, using market interest rates in line with the risks and maturities concerned, and applying adequate liquidity yield add-ons. Yield add-ons to reflect risk and liquidity are determined on the basis of most recent values observed on an active market, taking into account current market developments.

Equities and other non-fixed-income securities

Equities and other non-fixed income securities are carried at amortised cost.

Participations and interests in affiliated companies

Participations and interests in affiliated companies are carried at amortised cost. The shares held in IMMOFORI, Gesellschaft für Immobilien Forderungssinkasso mbH, Hamburg, were sold as at 1 January 2010.

Intangible and tangible fixed assets

Tangible fixed assets are carried at cost less regular depreciation, where applicable. Where necessary, extraordinary write-downs were taken into account in accordance with section 253 (3) sentence 3 of the HGB. Movable fixed assets are depreciated on a straight-line basis, or degressively with a subsequent transfer to straight-line depreciation. Low-value assets are written off in full during their year of purchase. Standard software is reported under intangible assets, as prescribed by accounting standard HFA 11 issued by the Main Committee of the IDW (IDW RS HFA 11).

Liabilities

Liabilities are shown on the balance sheet at the amount due for repayment. The difference between the nominal value and the initial carrying amount of liabilities is recognised under prepaid expenses or deferred income and amortised over the term of the transaction.

Liabilities classified as structured products (as defined in Accounting Standard 22 issued by the Auditing and Accounting Board of the IdW) are accounted for as uniform liabilities as they only contain embedded interest rate derivatives.

Provisions

Contingent liabilities are covered by provisions equalling the anticipated amount of the liability, on the basis of prudent business judgement. Provisions for pensions are determined in accordance with actuarial principles, using the actuarial tables 2005 G by Dr Klaus Heubeck. Future salary and pension increases are taken into account in accordance with the BilMoG. The discounting rate of 5.22% determined by Deutsche Bundesbank was used. The addition to provisions for pensions due to interest rate effects is recognised in other operating expenses.

Derivative financial instruments

Financial derivatives are accounted for separately in auxiliary ledgers. These instruments are generally used to hedge against the interest rate and currency risk exposure of on-balance sheet transactions. Each derivative transaction forms part of the overall management of the banking book; segregated sub-portfolios (valuation units) are not managed on an individual basis. Accordingly, section 254 of the HGB (as amended) is not applicable.

Current interest payments are amortised and recorded in net interest income.

Income from the disposal of interest rate-based derivative financial instruments are generally recognised in interest income.

Premiums paid or received for credit default swaps are amortised in commission income over the terms of the transactions.

Compensation payments received under Credit Default Swaps are set off against provisions for loan losses.

Premium payments for swaptions entered into as a hedge against the impact of statutory loan termination rights pursuant to section 489 of the German Civil Code (*Bürgerliches Gesetzbuch* - "BGB") are allocated to the investment portfolio and carried at cost.

Currency translation

Assets and liabilities from foreign exchange transactions are translated in line with section 340h in conjunction with section 256a of the HGB and Statement BFA 3/1995 issued by the IdW. Book receivables, securities, liabilities and unsettled spot transactions are generally translated using the ECB reference rate prevailing on the balance sheet date. Due to the specific coverage of foreign-currency items, all currency translation effects are recognised in income, in accordance with the BilMoG, under net other operating income and expenses.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss 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 material opportunities and risks associated with the expected development of the company for the remaining months of the financial year.

Hamburg, 30 July 2010

Deutsche Genossenschafts-Hypothekenbank
Aktiengesellschaft

Dr Reutter

Salber

Review report

To Deutsche Genossenschafts-Hypothekenbank Aktiengesellschaft, Hamburg

We have reviewed the condensed interim financial statements, comprising the condensed balance sheet, the condensed income statement and the condensed notes, and the interim management report of Deutsche Genossenschafts-Hypothekenbank Aktiengesellschaft, Hamburg, for the period from 1 January to 30 June 2010, which are part of the six-monthly financial report pursuant to section 37w WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The preparation of the condensed interim financial statements in accordance with German Commercial law and of the interim management report in accordance with the provisions of the WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] applicable to interim management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim financial statements and the interim management report based on our review.

We conducted our review of the condensed interim financial statements and the interim management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed financial statements are not prepared, in all material respects, in accordance with German commercial law and that the interim management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review nothing has come to our attention that causes us to believe that the interim condensed financial statements are not prepared, in all material respects, in accordance with the provisions of German commercial law and that the interim management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim management reports.

Hamburg, 6 August 2010

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Bühring
Wirtschaftsprüfer
[German Public Auditor]

Kaltschmidt
Wirtschaftsprüfer
[German Public Auditor]

DG HYP Contacts and Office Addresses

Management Board

Dr Georg Reutter (Spokesman)
Manfred Salber

Chairman of the Supervisory Board

Hans-Theo Macke

Senior General Manager

Dr Carsten Meyer-Raven

Deutsche Genossenschafts-Hypothekenbank AG

20095 Hamburg, Germany

Rosenstraße 2
PO Box 10 14 46
20009 Hamburg, Germany
Telephone +49 40 3334-0
Fax +49 40 3334-1111
Internet: www.dghyp.de

Real Estate Centres for commercial investors

DG HYP Real Estate Centre Berlin

Pariser Platz 3
10117 Berlin, Germany
Telephone +49 30 31993-5101
Fax +49 30 31993-5036

DG HYP Real Estate Centre Hamburg

Rosenstraße 2
20095 Hamburg, Germany
Telephone +49 40 3334-3778
Fax +49 40 3334-1102

DG HYP Real Estate Centre Dusseldorf

Ludwig-Erhard-Allee 9
40227 Dusseldorf, Germany
Telephone +49 211 220499-10
Fax +49 211 220499-40

DG HYP Real Estate Centre Munich

Türkenstraße 16
80333 Munich, Germany
Telephone +49 89 512676-0
Fax +49 89 512676-30

DG HYP Real Estate Centre Frankfurt

CITY-HAUS 1, Platz der Republik 6
60325 Frankfurt/Main, Germany
Telephone +49 69 750676-21
Fax +49 69 750676-99

DG HYP Real Estate Centre Stuttgart

Heilbronner Straße 41
70191 Stuttgart, Germany
Telephone +49 711 120938-0
Fax +49 711 120938-30

DG HYP Office Addresses

Representative offices

DG HYP London Representative Office

10, Aldersgate Street
London EC1A 4HJ
United Kingdom
Telephone +44 20 7776-7613
Fax +44 20 7776-7619

DG HYP New York Representative Office

609 Fifth Avenue, 6th Floor
New York, NY 10017
USA
Telephone +1 212 796-4300
Fax +1 212 796-4313

DG HYP Paris Representative Office

13/15 Boulevard de la Madeleine
75001 Paris
France
Telephone +33 1 428697-70
Fax +33 1 428697-71

DG HYP Warsaw Representative Office

Deutsche Genossenschafts-Hypothekenbank
Aktiengesellschaft spółka akcyjna
przedstawicielstwo w Polsce
Pl. Piłsudskiego 3
00-078 Warszawa
Poland
Telephone +48 22 3263201
Fax +49 40 3334-782-4725

Country Desk

Nordic Countries Desk

Rosenstraße 2
20095 Hamburg, Germany
Telephone +49 40 3334-2621
Fax +49 40 3334-782-2621



Member of the
Cooperative Financial
Services Network

Deutsche
Genossenschafts-
Hypothekebank

