

Results of **3rd quarter 2008**



interhyp

www.interhyp.de

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Key figures (in EUR m)

	9M 2008	9M 2007	+/-
Mortgage volume	4,412	4,176	6%
Net revenues	54.0	54.5	(1%)
Earnings before interest and taxes (EBIT)	8.6	19.4	(56%)
Net income	5.3	12.1	(56%)
Earnings per share (diluted)	0.81	1.85	(56%)

1 Preface by the Management Board

Dear Shareholders,

Today, we are reporting on a third quarter which we have managed to conclude successfully despite historic distortions in financial markets. With 10,586 closed mortgages, we brokered a lending volume of EUR 1.559 billion in the quarter just ended, thus exceeding the figure for the comparable prior-year period by 19%. At EUR 19.6 million, net revenues were up 8% from the third quarter of 2007. In the quarter under review, EBIT came to EUR 5.0 million, just slightly under the amount for the same quarter last year.


As planned, the takeover offer by ING DIRECT N.V. was successfully concluded in the third quarter. After the statutory additional acceptance period expired on 13 August 2008, 91.21% of the shares of Interhyp AG were thus held by ING DIRECT N.V. The aim of the strategic alliance between ING DIRECT and Interhyp is to further enhance the distribution channel for brokering residential mortgages and to expand together internationally. The Interhyp business model as a multichannel mortgage broker with an open product platform will remain unchanged, as will the brands and the headquarters of the company.

In the years ahead, Interhyp will focus consistently on making the advantages of the mortgage broker accessible to as many private customers in Germany as possible under the Interhyp brand. In the Prohyp Intermediary Channel, we will continue to broaden our partner base and expand our position as the largest B2B service provider.

The strong operative position which we have created in both areas should enable us to continue increasing market share and achieving sustained growth even in a difficult market environment.



Robert Haselsteiner
Co-CEO



Marcus Wolsdorf
Co-CEO



Jörg Utecht
Board Member

2 Shares

Interhyp share detaches itself from market trends following takeover offer by ING DIRECT

Based on the announcement published on 19 May 2008, to the effect that ING DIRECT N.V., the direct banking subsidiary of the Dutch ING Group, would submit a voluntary public takeover offer to the shareholders of Interhyp AG, the price of the share was able to uncouple from the generally weak stock market environment and approached the offered price of EUR 64 per share during the acceptance period. Only as the financial market crisis flared up again in September did the Interhyp share weaken, closing on 30 September 2008 at EUR 58.95. At the same time, the trading volume was low compared with the volume at the end of the acceptance period on 13 August 2008. More detailed information on the takeover offer can be found on the Internet at www.ing-angebot.de.

Compared with the closing price of EUR 49.54 in Xetra trading in 2007, the share on 30 September 2008 closed with a rise of 19%, while the SDAX plunged 35% in the same period. The highest price (Xetra closing price) for the Interhyp share of EUR 67.00 was reached in the days after the offer was announced and before the dividend was paid out on 5 June 2008. Compared with the lowest price of EUR 37.50, posted in February, the Interhyp share rose 57% as of 30 September 2008.

Interhyp shares removed from SDAX due to low free float

In the course of the takeover offer, the free float sank from 67.7% to 8.79% as of August 2008. Due to this decline in market capitalisation, which is based on the free float and, among other things, serves as a yardstick for SDAX membership, also contracted. This resulted in the removal of Interhyp shares from the small cap index in September 2008.

3 Interim Group management report

3.1 Significant events and initiatives

Voluntary public takeover offer by ING DIRECT

ING DIRECT N.V., the direct banking unit of ING Groep N.V., Amsterdam, and Interhyp AG signed an agreement on 19 May 2008 aimed at the acquisition of a majority holding in Interhyp by ING DIRECT. On 20 June, ING DIRECT submitted to Interhyp shareholders a corresponding voluntary public purchase offer at a price of EUR 64 per share in cash. The offer was accepted by 89.55% of the shareholders at the end of the acceptance period on 24 July 2008. At the end of the statutory additional acceptance period which ran until 13 August 2008, the holding by ING DIRECT rose slightly to 91.21%.

The aim of the strategic alliance between ING DIRECT and Interhyp is to continue enhancing residential mortgage brokerage and to expand internationally. The Interhyp business model, as a multichannel mortgage broker with an open product platform, will remain unchanged as will the brands and the headquarters of the company. The co-founders, Robert Haselsteiner and Marcus Wolsdorf, will continue to manage the company together with Jörg Utecht who was appointed to the Management Board on 1 July 2008.

Opening of the 18th regional office rounds off regionalisation strategy in Augsburg

On 1 July 2008, we opened our 18th regional office as we continued to expand the regionalisation strategy which we launched in mid-2005. In future, customers in Augsburg will be able to schedule a face-to-face appointment with their mortgage consultant. In this way we are strengthening our presence in southern Germany by adding another office in an attractive real estate environment where we hope to selectively acquire greater market share.

Interhyp ranked "Best Mortgage Provider" for third consecutive time

Once again in 2008, and thus for the third consecutive time, Interhyp was ranked "Best Mortgage Provider" by the business magazine *Euro*. On behalf of *Euro*, the independent institution S.W.I. Finance tested 21 providers of residential mortgages between May and July 2008. Advisory and service quality were studied in addition to the conditions offered. Interhyp was awarded the top grade in the service and advisory category, thus ranking in the overall assessment as "Best Mortgage Provider of 2008".

3.2 General economic conditions

Economic development

In the third quarter, financial markets experienced tremendous turbulence as the banking crisis came to a head. Following the bankruptcy of the investment bank Lehman Brothers, the inter-bank lending market slowed to a virtual standstill. This in turn led to a reassessment of risks in investment markets with plunging stock markets, commodity markets and a flight into government bonds. Speculation about certain banks and the fear of panic reactions on the part of customers led policymakers and central banks to take drastic measures which resulted, ultimately, in a global support package for the financial sector. Against this background, the growth forecasts in all countries have been slashed, and the U.S. and Europe expect a recession in 2008 and 2009. Growth forecasts for Asia and other emerging markets were also substantially reduced so that even exports will not be able to provide fresh impetus. Since commodity and energy prices have fallen rapidly, the spectre of inflation vanished, giving central banks the opportunity to lower key lending rates by 0.50 percentage points in a concerted action at the beginning of October in an effort to support the economy. In this environment, long-term capital market interest rates fell from their peaks at the beginning of July by around 50 basis points. In the expectation of more key lending rate cuts in the months ahead, the interest rate curve is again positive. However, interest rates at the long end of the capital market are currently caught between expectations of deflation and inflation due to the increasing strain on government budgets. Conditions for mortgages have fallen to an attractive level again from the standpoint of consumers but will remain susceptible to fluctuation in the months to come.

Industry development

According to Bundesbank statistics, the overall market volume for residential mortgages fell in the third quarter to EUR 44.6 billion compared with EUR 46.6 billion in the second quarter of 2008. The figure for July (EUR 17.4 billion) was supported by brisk refinancing business with banks, while August and September were noticeably weaker months. This picture was also confirmed by our market analysis on real estate transactions in eleven large German cities. Transaction figures here in the third quarter are some 11% below the level in the previous quarter and thus after a recovery have reverted to the weaker level of the first quarter. Building permits, which so far are only on hand up to August, reveal a similarly weak course. August itself was 13% below August in 2007. It is becoming increasingly apparent that there will be fewer building permits for the entire year than in 2007. This would mark a new historic low for the last fifty years in Germany.

3.3 Company development**Revenue development****Volume of mortgages closed rises in third quarter, up 19% over previous year**

Interhyp posted a mortgage volume of EUR 1.559 billion in the quarter just ended. This represents an increase of 19% compared with the comparable prior-year quarter (EUR 1.312 billion). In a comparison of the nine-month periods, the volume of closed mortgages, at EUR 4.412 billion, was 6% higher than the level of the previous year (EUR 4.176 billion).

Closed mortgage volume (in EUR m)

9M 2007	4,176
9M 2008	4,412

Revenue growth driven by Prohyp Intermediary Channel

In the third quarter of 2008, Interhyp AG posted revenues of EUR 24.9 million, up 17% compared with the comparable prior-year period (EUR 21.3 million). A comparison of the respective nine-month periods shows a 5% growth of revenue. Revenues in the first nine months in 2008 came to EUR 67.2 million, whereas revenue of EUR 64.3 million was registered for the comparable prior-year period.

The trend in net revenues, meaning revenues after deducting commission expenses for brokers, was positive compared with the previous year: at EUR 19.6 million, the figure was 8% higher than in the third quarter of 2008 when net revenues totalled EUR 18.1 million. In the first nine months, Interhyp AG thus generated EUR 54.0 million and, although influenced by a weak January, we posted a virtually unchanged result compared with the previous year (EUR 54.5 million).

Net revenues (in EUR m)

9M 2007	54.5
9M 2008	54.0

Market share increases to 3.50%

Despite the difficult market environment, Interhyp again succeeded in closing over 10,000 mortgages in the third quarter (10,586 contracts, previous year: 9,283 mortgages). The number of brokered mortgages, with an increase of only 1%, was almost the same as in the second quarter of 2008, but was 14% higher than the figure for the same quarter of the previous year. In the first nine months of 2008, 29,209 mortgages were closed. This corresponds to an increase of 2% compared with the corresponding period in the previous year (28,754 mortgages).

Interhyp succeeded in expanding market share to 3.50% after 2.89% in the previous year. This reflects both continued brisk demand for Interhyp's services and our strong competitive position.

Mortgage volume in Intermediary Channel up 53% over previous year

In the quarter just ended, the Intermediary Channel again contributed strongly to growth: under the Prohyp brand, mortgage volume rose 53%. Boosted in particular by stronger business with institutional cooperation partners, Prohyp's contribution to total mortgage volume rose from EUR 496 million in the third quarter of 2007 to the current EUR 761 million. A comparison of the nine-month periods shows growth of 40% from EUR 1.444 billion in 2007 to EUR 2.026 billion in the first nine months of this year.

Development of earnings**Earnings before interest and taxes (EBIT) normalises after one-time effects in second quarter**

In the quarter just ended, earnings before interest and taxes (EBIT) came to EUR 5.0 million (Q3 2007: EUR 5.4 million). In the second quarter of 2008, strained by one-time effects from the takeover offer, EBIT amounted to EUR 65 thousand. The result was influenced by the weak first quarter and higher cost basis (compared with the previous year).

A comparison of the nine-month periods correspondingly shows a decline by 56% to EUR 8.6 million (after EUR 19.4 million in the first nine months of 2007).

EBIT (in EUR m)

9M 2007	19.4
9M 2008	8.6

Net income for first nine months at EUR 5.3 million

Net income after shares of third parties for the third quarter of 2008 came to EUR 2.8 million (comparable prior-year period: EUR 3.4 million).

Observation of the nine-month period shows, with special effects, a decline of net income by 56% to EUR 5.3 million compared with the previous year (EUR 12.1 million).

Net income (in EUR m)

9M 2007	12.1
9M 2008	5.3

Financial and assets position

The assets position of Interhyp AG in the first nine months of 2008 remained marked by a very solid financial basis (increase in cash and cash equivalents to EUR 42.5 million at 30 September 2008). Due to the dividend payout at the beginning of June (EUR 26.7 million), total assets contracted to EUR 63.4 million as at 30 September 2008, down from EUR 74.9 million at the end of the year.

Net cash from operating activities of EUR 16.2 million in the first nine months of 2008 climbed noticeably, mainly on the back of lower income tax paid (in connection with the non-recurring burden), higher assets and liabilities compared with the comparable prior-year period (EUR 3.6 million).

At EUR 915 thousand, cash flow from investment activities in the first nine months of 2008 was relatively low compared with the EUR 11.5 million reported for the same nine-month period of the previous year. While in the comparable prior-year period, repayments from maturing securities accounted for most of the cash flow, interest received from cash and cash equivalents (EUR 1.6 million) was the critical factor in the current year.

Cash flow from financing activities in the first nine months of 2008, amounting to an expense of EUR 23.6 million, resulted mainly from payment of dividends for 2007 (EUR 26.7 million or EUR 4.10 per share). In the preceding year, influenced by the dividend payout of EUR 10.4 million (or EUR 1.60 per share), this expense, at EUR 9.9 million, was distinctly lower.

The free cash flow came to EUR 17.1 million compared with EUR 15.1 million in the first nine months of 2007. However, the figure in the previous year was influenced by the purchase of securities and their repayment at maturity, which was not the case in this reporting period.

Cash and cash equivalents at 30 September 2008 totalled EUR 42.4 million. At the beginning of the period under review, this item amounted to EUR 49.0 million – again strongly influenced by the dividend payout for 2007.

Employees

Core personnel grew from 456 by 24 staff members since 30 September 2007, to a total of 480 permanent employees. This represents an increase of 5%. In recruiting, we continued to focus on junior staff and experienced mortgage consultants.

In the first nine months of 2008, Interhyp employed an average of 476 permanent staff members. In the corresponding prior-year period, this figure averaged 420.

3.4 Forecast report

Business prospects in 2008

While Interhyp can generate strong growth in terms of resources and its position in the market, the demand in the overall market is marked by the financial crisis and the resulting uncertainty of customers. Nevertheless, we expect an increase in mortgage volume and stable net revenues for the entire year. However, the operating result (EBIT) will not match the previous year's result due to special strains from the takeover by ING DIRECT, higher investments and slower growth pace.

3.5 Events after balance-sheet date

ING DIRECT's share of voting right reaches 96.95%

On 13 October 2008, ING DIRECT N.V. reported that its share of voting rights had risen again, this time to 96.95%. After conclusion of the takeover offer, further Interhyp shares were acquired at a price of EUR 64.

Lars Kramer and Carina Szpilka appointed to Supervisory Board

As already announced in the framework of the takeover, representatives of the new majority shareholder ING DIRECT were appointed members of the Supervisory Board. Peter Mark Droste and Dr Roland Folz accordingly resigned from office on the Supervisory Board with effect from 20 October. On 23 October 2008, the Munich Local Court (Amtsgericht) appointed Lars Kramer and Carina Szpilka as new members of the Supervisory Board. Lars Kramer (41) is CFO of ING DIRECT N.V. As CEO, Carina Szpilka (39) manages business for ING DIRECT in France.

Michiel Goris joins Management Board

Michiel Goris (41) was appointed as member of the Management Board of Interhyp AG with effect from 30 October 2008. Michiel Goris brings extensive experience in retail banking and has worked for the ING Group for over ten years, most recently as General Manager and CFO of ING DIRECT N.V. in Amsterdam. In future, the Management Board of Interhyp will consist of the two founders and Co-CEOs Robert Haselsteiner and Marcus Wolsdorf, Jörg Utecht and Michiel Goris.

3.6 Opportunities and risks

The opportunities and risks described in our Annual Report for 2007 remain unchanged. However, if the financial crisis worsens, individual risks for the business could increase. The Annual Report was published on 27 March 2008 and can be downloaded from the Internet at <http://www.interhyp.ag>. Printed copies can be obtained through the free order service provided there.

3.7 Other information

Significant transactions with related parties

There were no significant transactions with related parties in the reporting period. As stated in the notes to the interim consolidated financial statements, through the takeover offer ING DIRECT N.V. meets the requirements as a related party so that all transactions with ING DIRECT N.V. and its subsidiaries will be presented accordingly in future.

4 Interim consolidated financial statements

Consolidated income statement of Interhyp AG as at 30 September 2008 in EUR

	Q3 2008	Q3 2007	+/-	01.01– 30.09.2008	01.01– 30.09.2007	+/-
Revenues	24,891,983	21,324,284	17%	67,167,752	64,261,223	5%
Cost of services purchased	5,285,792	3,207,180	65%	13,155,619	9,720,083	35%
Net revenues	19,606,190	18,117,104	8%	54,012,132	54,541,140	(1%)
Personnel expenses	8,441,106	7,319,201	15%	23,147,836	20,967,680	10%
thereof sales and sales-related	5,769,804	6,107,123	(6%)	17,708,997	17,654,046	0%
Other operating expenses	5,651,710	4,871,896	16%	20,815,361	12,917,041	61%
thereof marketing	2,367,979	2,372,057	0%	6,883,065	6,175,702	11%
Amortisation and depreciation	495,529	489,368	1%	1,465,839	1,280,176	15%
Earnings before interest and taxes (EBIT)	5,017,845	5,436,639	(8%)	8,583,097	19,376,243	(56%)
Share of results from investments in associates	(547,906)	(36,271)		(653,896)	(48,916)	
Interest income	385,505	444,853	(13%)	1,455,342	1,407,325	3%
Interest expense	2,264	1,318	72%	7,549	4,374	73%
Net interest income	383,241	443,536	(14%)	1,447,794	1,402,950	3%
Net income before income taxes (EBT)	4,853,181	5,843,904	(17%)	9,376,994	20,730,277	(55%)
Income taxes	(1,806,015)	(2,535,736)	(29%)	(3,491,780)	(8,664,750)	(60%)
Net income	3,047,166	3,308,168	(8%)	5,885,215	12,065,527	(51%)
thereof: share of third-party associates	294,514	(60,651)		601,617	(60,651)	
Net income in regard to associates of the corporation	2,752,652	3,368,819	(18%)	5,283,597	12,126,178	(56%)
Earnings per share IAS 33				01.01– 30.09.2008	01.01– 30.09.2007	
Net income in regard to associates of the corporation				5,283,597	12,126,178	
Weighted average of shares outstanding				6,523,596	6,498,350	
Earnings per share (undiluted)				0.81	1.87	
Weighted average of potential shares, adjusted for dilution effects				6,533,168	6,561,732	
Earnings per share (diluted)				0.81	1.85	

Consolidated balance sheet of Interhyp AG as at 30 September 2008**Assets**

	as at 30.09.2008	as at 31.12.2007
Non-current assets		
Intangible assets	467,682	674,359
Fixed assets	2,761,208	3,426,274
Receivables from commissions	365,007	463,392
Other assets	574,483	567,044
Deferred tax assets	153,676	265,069
Investments in associates	0	551,964
	4,322,056	5,948,102
Current assets		
Receivables from commissions	15,052,592	18,843,915
Other assets	1,548,917	976,891
Deferred tax assets	0	206,577
Cash and cash equivalents	42,449,008	48,963,312
	59,050,517	68,990,695
Total assets	63,372,573	74,938,797

Equity and liabilities

	as at 30.09.2008	as at 31.12.2007
Shareholders' equity		
Common stock	6,593,525	6,501,250
Additional paid-in capital	32,147,233	28,527,043
Net accumulated profit	6,203,071	27,574,600
Equity in regard to associates of the corporation	44,943,829	62,602,893
Share of third-party associates	2,030,263	1,428,646
	46,974,093	64,031,539
Long-term liabilities and provisions		
Other provisions	206,859	197,426
Non-current financial liabilities	0	800
Deferred tax liabilities	58,364	56,709
Other liabilities	194,117	317,909
	459,341	572,844
Short-term liabilities and provisions		
Trade accounts payable	8,767,101	2,553,692
Other provisions	132,700	149,600
Tax liabilities	725,189	539,398
Other liabilities	6,314,149	7,091,724
	15,939,140	10,334,414
Total equity and liabilities	63,372,573	74,938,797

Consolidated cash flow statement of Interhyp AG

	01.01–30.09.2008	01.01–30.09.2007
Consolidated net income in regard to associates of the corporation	5,283,597	12,126,178
Share of results of third-party associates	601,617	(60,651)
Income tax	(3,491,780)	(8,664,750)
Earnings before income tax	9,376,994	20,730,277
Adjustments:		
Amortisation and depreciation of non-current assets	1,465,839	1,280,176
Net interest income	(1,447,794)	(1,402,950)
Share of the result of investments in associates	653,896	48,916
Expense from the issuance of convertible bonds and stock options	676,115	315,682
Increase in receivables and other assets	3,571,929	1,287,069
Increase in provisions	(7,467)	42,783
Increase in liabilities	5,312,043	(1,465,780)
Income tax paid	(3,403,851)	(17,257,272)
Interest paid	(7,549)	(871)
Other non-cash items	0	3,178
Net cash from operating activities	16,190,156	3,581,208
Cash paid for investments in non-current assets	(594,095)	(1,810,191)
Cash paid for investments in associates	(101,932)	(705,600)
Interest received	1,611,142	1,397,787
Cash received from disposal of securities and subsidiaries	0	12,600,000
Net cash from investing activities	915,115	11,481,996
Cash paid for dividends	(26,655,125)	(10,397,360)
Cash recorded as common stock by the exercise of stock options	72,275	2,725
Additional paid-in capital by the exercise of stock options	2,963,275	111,725
Cash paid in by minority shareholders	0	410,850
Net cash from financing activities	(23,619,575)	(9,872,060)
Changes in cash and cash equivalents	(6,514,304)	5,191,144
Cash and cash equivalents at the beginning of the period	48,963,312	37,593,782
Cash and cash equivalents at the end of the period	42,449,008	42,784,925

Shareholders' equity of Interhyp AG

	Common stock	Additional paid-in capital	Revaluation surplus	Net accumulated profit	Equity in regard to associates of the parent company	Share of other associates	Total
01.01.2007	6,498,350	33,008,021	(2,782)	14,926,265	54,429,854	0	54,429,854
Sum of items recorded directly in shareholders' equity			2,782		2,782		2,782
Group result				12,126,178	12,126,178	(60,651)	12,065,527
Total	0	0	2,782	12,126,178	12,128,960	(60,651)	12,068,309
Dividends				(10,397,360)	(10,397,360)		(10,397,360)
Expense from the issuance of convertible bonds and stock options		315,682			315,682		315,682
Capital paid in by exercise of stock options	2,725	111,725			114,450		114,450
Capital paid in by third-party associates						410,850	410,850
30.09.2007	6,501,075	33,435,428	0	16,655,083	56,591,586	350,199	56,941,784
Group result				5,947,007	5,947,007	(4,703)	5,942,304
Total	0	0	0	5,947,007	5,947,007	(4,703)	5,942,304
Expense from the issuance of convertible bonds and stock options		56,950			56,950		56,950
Capital paid in by exercise of stock options	175	7,175			7,350		7,350
Capital paid in by third-party associates						1,083,150	1,083,150
Withdrawal from additional paid-in capital		(4,972,510)		4,972,510			
31.12.2007	6,501,250	28,527,043	0	27,574,600	62,602,893	1,428,646	64,031,539
Group result				5,283,597	5,283,597	601,617	5,885,215
Total	0	0	0	5,283,597	5,283,597	601,617	5,885,215
Dividends				(26,655,125)	(26,655,125)		(26,655,125)
Expense from the issuance of convertible bonds and stock options		676,115			676,115		676,115
Exercise of convertible bonds	20,000	(19,200)			800		800
Exercise of stock options	72,275	2,963,275			3,035,550		3,035,550
30.09.2008	6,593,525	32,147,233	0	6,203,071	44,943,829	2,030,263	46,974,093

5 Notes to the consolidated interim financial statements

5.1 General information

The abbreviated interim consolidated financial statements for the period from 1 January to 30 September 2008 were released for publication on 30 October 2008, by resolution of the Management Board.

General information

The abbreviated interim consolidated financial statements were compiled in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The provisions contained in IAS 34 "Interim Reporting" were applied. The interim consolidated financial statements at 30 September 2008, are therefore to be read in connection with the consolidated financial statements at 31 December 2007.

Accounting policies

The accounting and consolidation policies applied in the consolidated financial statements at 31 December 2007 are unchanged, with the exception of amended and new standards and interpretations which are to be applied for the first time for reporting periods beginning on or after 1 January 2008. Application of the amended and new standards and interpretations which must be applied for the first time for reporting periods beginning on or after 1 January 2008 had no effect on the Group's earnings and financial position. The interim consolidated financial statements were drawn up in EUR. The income statement has been prepared in the total expenditure format.

In the period from 1 January to 30 September 2008, shares of associated companies were depreciated for the first time. This transaction was governed by the following accounting policies:

Using the equity method, it is established whether an additional depreciation expense for the shares of associated companies must be reported. It is established on each closing date whether there are objective criteria for depreciating the share of an associated company. If so, the difference between the achievable yield of the share of the associated company and the acquisition cost for this share is recognised in the income statement. The depreciation expense is reported in the income statement in the line "Share of the profit or loss of associated companies".

New accounting standards

No changes resulted for the interim consolidated financial statements from the first-time application of IFRIC 11 and the amended IAS 39 and IFRS 7 – Reclassification of financial assets – in 2008 as there were no underlying transactions. IFRIC 12, 13 and 14 were not applied since they have not yet been taken over by the EU. The Group did not prematurely apply the following standards and IFRIC interpretations which have been published since 1 January 2008 but are not yet mandatory and have not been taken over by the EU. Application of the revised IFRS 3 and the amended IAS 27 – Accounting for corporate acquisitions and transactions with shares without controlling influence, IFRS 2 – Conditions for exercising and annulling, IAS 32 and IAS 1 – Redeemable financial instruments, IFRS 1 and IAS 27 – Acquisition costs of shares of subsidiaries, jointly managed companies and associated companies-, the standard for amending existing IFRS, amended IAS 39 – Risk positions which qualify for hedge accounting, IFRIC 15 – Agreements for the construction of real estate, and IFRIC 16 – Hedges of a net investment in a foreign operation, will probably not have a significant impact on the net assets, financial position and operation results of the Group.

Group of consolidated companies

There were no changes in the group of consolidated companies in the reporting period.

Estimates and assumptions

Preparation of the interim consolidated financial statements requires that estimates and assumptions be made that affect the amount and disclosure of reported assets and liabilities, revenues and expenses and contingent liabilities. Actual amounts may differ from these estimates.

With the exception of the following new estimate of the vesting period for the employee stock option programme, no changes have occurred:

According to the terms of the employee stock option programme, vesting periods can be shortened if a change of control in the meaning of the German Securities Acquisition and Takeover Act (30% of the voting rights) occurs. Due to the takeover offer published by ING DIRECT N.V. on 20 June 2008, the expected vesting periods were re-estimated. With the approval of the early exercise on 25 July 2008, the expected vesting periods were re-estimated. Attention is called to the effects of this change under 5.7 "Further disclosures".

Seasonal influences on business activity

Due to the nature of the Group's business activity, the net assets, financial position and operating results of the Group are not subject to seasonal influences with the exception of the rise in proceeds from volume rebates over the course of the year, upon reaching pre-defined mortgage volumes.

5.2 Earnings per share

Per-share earnings were calculated according to IAS 33. The undiluted result per share is calculated as consolidated profit in relation to the shareholders of the parent company, divided by the average number of ordinary shares in circulation during the reporting period. To calculate the diluted earnings per share, the potential number of ordinary shares is added to the average number of shares in circulation during the reporting period.

In the period between 1 January 2008 and 30 September 2008, the number of shares in circulation rose through the conversion of convertible bonds by 20,000 and through exercising stock options by 72,275. As a result, the weighted number of shares outstanding increased. The change in the number of potential ordinary shares was due, in particular, to the conversion of convertible bonds and exercising stock options.

5.3 Consolidated income statement

Revenues

Revenues comprise fees charged to contractual partners for services rendered in conjunction with normal business activities less reductions in proceeds and cancellation charges.

Other operating expenses

Other operating expenses are shown in the table below.

Other operating expenses in thousands of EUR

	Q3 2008	Q3 2007	01.01.– 30.09.2008	01.01.– 30.09.2007
Marketing	2,368	2,372	6,883	6,176
Office and administrative expenses	1,376	1,280	4,119	3,575
External programming	143	124	472	336
Recruiting costs	52	160	421	545
Legal and professional fees	554	254	6,154	682
Other	1,159	682	2,767	1,603
Total	5,652	4,872	20,815	12,917

Legal and professional fees in the first nine months rose, in particular, due to expenses for advisory services in connection with the takeover by ING DIRECT, with regard to corporate strategy and realignment.

Net interest income

In the first nine months, most interest income came from interest on fixed-term deposits.

Income taxes

The Group tax rate declined from 41.8% to 37.2% as a result of the annual tax law for 2008. The Group tax rate was disproportionately high due to lower pre-tax results, permanent differences between personnel expenditure from employee stock option programmes and convertible bonds, and depreciation expenses for associated companies.

The tax result is comprised of actual taxes in the amount of EUR 3,379 thousand (comparable prior-year period: EUR 8,637 thousand) and from deferred taxes of EUR 113 thousand (comparable prior-year period: EUR 27 thousand).

5.4 Consolidated balance sheet

Investments

Investments at 30 September of the financial year came to EUR 594 thousand. This represents a decline of 67.18% compared with the previous year (EUR 1,810 thousand). Most of the investments were still accounted for by equipment and fittings as well as IT equipment. In the comparable prior-year period, increased investments were made in developing new regional offices.

Shares of associated companies

In the reporting period, the shares of associated companies declined compared with the figure at 31 December 2007 by EUR 552 thousand to EUR 0 thousand as calculated by the equity method.

Depreciation expense totalled EUR 547 thousand. The achievable amount was determined on the basis of the calculation of an imputed value based on cash flow forecasts. A discount rate of 24.3% before tax was used for the cash flow forecasts. The estimate of the long-term depreciation is based on the assessment of market conditions, the financial position of the associated company and other factors. In the reporting period, capital contributions of EUR 102 thousand (comparable prior-year period: EUR 0 thousand) were paid to iMakler GmbH. The pro rata share of the result of the associated company came to EUR 91 thousand (comparable prior-year period: expense of EUR 48 thousand).

At 30 September 2008, the share of assets amounted to EUR 137 thousand (at 31. December 2007: EUR 198 thousand) and of liabilities EUR 26 thousand (at 31 December 2007: EUR 55 thousand).

Receivables from commissions

Receivables from commissions are stated at the original invoice amount less a value adjustment for irrecoverable receivables.

Shares of other shareholders

The share of the minority shareholder MLP Finanzdienstleistungen AG in the result of the Group company MLP Hyp GmbH came to EUR 602 thousand in the first nine months of the financial year (previous year: expense of EUR 61 thousand).

Treasury stock

At the Shareholders' Meeting on 4 June 2008, the company was authorised to acquire proprietary shares amounting to as much as 10% of the share capital of EUR 6,503,800.00 from the day of the Shareholders' Meeting until 4 December 2009. The authorisation has not yet been utilised.

Other long-term provisions

Other long-term provisions still contain provisions for the restoration of rented offices.

Tax liabilities/tax refund claims

Tax refund claims from ongoing taxes on earnings declined by EUR 208 thousand to EUR 0.00 thousand compared to tax liabilities at 31 December 2007. Tax liabilities from ongoing taxes on earnings rose by EUR 186 thousand to EUR 725 thousand due to lower prepayments.

Trade accounts payable

Trade accounts payable rose, in particular, due to advisory services in connection with the takeover by ING DIRECT.

Other provisions and other liabilities

Other provisions contain a calculated deduction for any cancellations of already brokered loan agreements. Other liabilities contain mainly items in respect of outstanding invoices, staff sales commission, special bonuses for sub-brokers and provisions for holidays not taken.

5.5 Cash flow statement information

The cash flow from ongoing business activity came to EUR 16,190 thousand (comparable prior-year period: EUR 3,581 thousand); this is due, despite lower consolidated net income, to lower advance tax payments and higher liabilities in connection with the takeover by ING DIRECT.

Cash flow from investment activities (EUR 915 thousand, prior-year period: EUR 11,482 thousand) reflects mainly repayments for maturing *Pfandbriefe* (covered bonds). Cash flow from financing activities (expense of EUR 23,620 thousand, prior-year period: expense of EUR 9,872 thousand) rose due to increased dividend payments.

5.6 Segment reporting

The individual interim financial statement data are broken down according to business segment since the risks and the Group's return on equity are influenced by differences in the services provided. The business segments are structured and managed independently of each other in accordance with the type of service offered. The two main business segments in the Interhyp Group are the Direct Channel and the Intermediary Channel.

Segment reporting in thousands of EUR

	Direct Channel 01.01– 30.09.2008	Intermediary Channel 01.01– 30.09.2008	Unclassifiable 01.01– 30.09.2008	Group 01.01– 30.09.2008
Revenues	34,207	32,961	0	67,168
Net revenues	34,207	19,805	0	54,012
Earnings before interest and taxes	6,165	7,563	(5,144)	8,583

	Direct Channel 01.01– 30.09.2007	Intermediary Channel 01.01– 30.09.2007	Unclassifiable 01.01– 30.09.2007	Group 01.01– 30.09.2007
Revenues	40,421	23,841	0	64,261
Net revenues	40,421	14,121	0	54,541
Earnings before interest and taxes	12,817	6,559	0	19,376

5.7 Further disclosures

Treasury shares and subscription rights of executive boards and employees

Expenses from employee stock option programmes according to IFRS from 1 January to 30 September 2008 totalled EUR 453 thousand (comparable prior-year period: EUR 172 thousand). According to the conditions of the employee stock option programme, vesting periods are reduced to two years after the stocks were issued if a change in control in the meaning of the German Securities Acquisition and Takeover Act (30% of the voting rights) occurs. Due to the takeover offer published on 20 June 2008, and the resulting re-estimate of the vesting period, the originally calculated attributable fair values are now stated above the respective shortened expected vesting period. This changed estimate results in the first nine months of the financial year in an increase in personnel expenses of EUR 308 thousand from the employee stock option programme.

The convertible bonds issued to employees from the IPO resulted from 1 January to 30 September 2008 resulted in personnel expenses according to IFRS in the amount of EUR 223 thousand (comparable prior-year period: EUR 144 thousand). Based on the corresponding approval of early exercise dated 25 July 2008, and the resulting reestimate of the vesting period, the fair value attributed originally at the acceptance date are now reported in the income statement over the shortened expected vesting period. This changed estimate resulted in a rise in personnel expenses of EUR 152 thousand from convertible bonds in the first nine months of the year.

No options were issued in the period from 1 January to 30 September 2008. A total of 72,275 stock options were exercised (comparable prior-year period: 2,725 options exercised). In the first nine months, 400 convertible bonds were converted into 20,000 shares of the company (prior-year period: none).

Major changes in risks

No major changes in risks occurred in the period from 1 January to 30 September 2008 compared with the risks described in the consolidated financial statements at 31 December 2007. The financial market crisis has not yet had any significant impact on Interhyp's risk estimate.

Dividends

In accordance with the resolution of the General Shareholders' Meeting dated 4 June 2008, dividends for 2007 amounting to EUR 26,655 thousand (EUR 4.10 per share) were paid out (previous year: EUR 10,397 thousand or EUR 1.60 per share).

Supervisory Board

No changes in the composition of the Supervisory Board occurred in the reporting period. We call attention to the explanations below for events after the balance sheet date.

Transactions with related parties

With the exception of capital contributions, no transactions were carried out with the associated company iMakler GmbH in the reporting period.

Since the acceptance period for the takeover offer ended on 24 July 2008 with an acceptance rate of 89.55%, and the requirement of release by the Dutch central bank being met on 11 July 2008, ING DIRECT is the parent company of Interhyp AG. The controlling parent company is ING Groep N.V., in whose consolidated financial statements Interhyp AG is included.

With the exception of the acquisition of shares, no transactions were carried out with the parent company ING DIRECT and ING Groep from the time of the takeover up to 30 September 2008.

Significant events after balance sheet date

Munich Local Court on 23 October 2008 has appointed Mr Lars Kramer and Ms Carina Szpilka as new members of the Supervisory Board. Prior to this, Mr Peter Mark Droste and Dr Roland Folz had resigned. On 30 October 2008, Mr Lars Kramer was appointed Chairman of the Supervisory Board. Furthermore, Mr Michiel Goris joins the Management Board of Interhyp AG with effect from 30 October 2008.