

Q2

Interim Report at June 30, 2004

FINANCIAL HIGHLIGHTS

Operating performance		1.1. – 30.6.2004	1/2 von 2003
Net income before taxes	€ m	114	78
Net income	€ m	84	58
Earnings per share	€	0.62	0.43
Key ratios		30.6.2004	31.12.2003
Return on equity after taxes ¹⁾	%	4.0	2.8
Cost-income ratio (based on operating revenues)	%	37.3	35.2
Balance sheet figures		30.6.2004	31.12.2003
Total assets	€ bn	148.5	152.9
Shareholders' equity (excluding revaluation reserve)	€ bn	4.3	4.2
Key capital ratios compliant with BIS rules		30.6.2004	31.12.2003²⁾
Core capital	€ bn	4.1	4.1
Equity funds	€ bn	6.0	6.2
Risk assets	€ bn	51.8	54.0
Core capital ratio	%	7.9	7.6
Equity funds ratio	%	11.6	11.5
Personnel		30.6.2004	31.12.2003
Employees		1,463	1,461
Portfolio figures		30.6.2004	31.12.2003
Volume of international real estate financing	€ bn	25.2	24.2
Volume of German real estate financing	€ bn	38.7	39.4
Volume of state financing	€ bn	70.7	73.9

1) Annualized.

2) As per approved annual financial statements.

RATINGS

As at June 2004

	Moody's	S&P	Fitch Ratings
Hypo Real Estate Bank International puc			
Long-term/short-term/financial strength	A3/Stable/P-2	A-/neg./A-2	–
Württembergische Hypothekenbank AG			
Long-term/short-term/financial strength	A3/Stable/P-2	A-/neg./A-2	–
Hypo Real Estate Bank AG			
Long-term/short-term/financial strength	Baa1/Stable/P-2	BBB/neg./A-3	BBB/Stable/F3

Due to rounding, numbers presented throughout this document may add up precisely to the totals we provide and percentages may not precisely reflect the absolute figures.

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Preface of the Chairman of the Executive Board

Dear Shareholders,

Hypo Real Estate Group once again recorded a very positive business development in the second quarter of fiscal year 2004. After the first six months, all important operating performance ratios are within the parameters of our ambitious plans. We can therefore fully confirm our forecasts for the entire fiscal year 2004. With the expansion of the Group, Hypo Real Estate Group has sharpened its profile as a company with a strong asset base.

In the first half of the year, our Group achieved consolidated net income before taxes of € 114 million. This represents an increase of 46 % over the pro rata prior year figure. Adjusted by the exceptional income item generated in prior year from the purchase of minority interests in the former WestHyp in 2003 net income before taxes even increased by 90 %.

As expected, our operating business accelerated during the second quarter. The growth in operating revenues was markedly higher in the second quarter than in the first – with risk development in all business units conforming to expectations.

At Hypo Real Estate International, operating revenues nearly doubled to € 176 million in the first half of the year. Contributing factors were the inclusion of the US real estate financing portfolio acquired at the end of 2003 as well as operating improvements in other countries. It is encouraging that new business has grown dynamically from April to June. The refinancing could be adjusted correspondingly to the growth in new business. As part of the MTN program issued at the start of the year, € 1.4 billion in bonds were therefore placed in the market by the end of June.

To extend the geographic range of the portfolio of this business segment and take advantage of growth opportunities, extension of our business activities to new markets continues to have priority. Our Japanese branch in Tokyo opened for business on July 1, 2004. Preparations are also well advanced for taking up business activities in Hong Kong.

It is also worth noting that the share of commission income in Hypo Real Estate International is rising and, after the first half year, already makes up one third of all operating revenues. This confirms that our business is increasingly assuming an investment banking character, in conformity with the business model of Hypo Real Estate International.

Wuerttembergische Hypothekbank continued its very solid development in the first half of the year, achieving growth in net income before taxes by 19 % to € 32 million. However, since this result included special items, semiannual performance can not be projected for the entire year, for which a target corridor of € 55 to € 60 million is still budgeted.

The planned reduction of loan portfolios with inadequate margins in Hypo Real Estate Germany continues to proceed well. The Executive Board expects that it will be possible to already complete the restructuring by the end of 2004, and not as originally planned in 2005. We are working intensively on solutions that will take us forward considerably in this regard. We are also examining all possibilities for selling the unprofitable or non-strategic segments of our portfolio in a manner that conforms with our strategic objectives. Simultaneously, we are preparing to take up new business in Germany again, which should occur in the foreseeable future.

With net income before taxes of minus € 1 million, Hypo Real Estate Germany performed as expected in the first six months of 2004.

Overall, it is evident after the first half of the current fiscal year that Hypo Real Estate Group is fully on course. We continue to expect an increase in consolidated net income before taxes in the € 205 to € 225 million range, combined with an improved return on equity after taxes of between 3.5 % and 4 %.

We are pleased that the capital market continues to display confidence in our company. This is demonstrated, in particular, by the development of the share price of Hypo Real Estate Holding. The share has appreciated considerably since the middle of May, following a slight drop in the share price, mainly caused by profit taking after major growth in the value of the share since the initial quotation on October 6, 2003.

We also regard the positive signals we received from you, our shareholders, at the first Annual General Meeting of Hypo Real Estate Group Holding AG at the beginning of June 2004 as confirmation of our strategy. My colleagues on the Executive Board thank you again for your active support and for your praise, criticism and constructive suggestions. We look forward to continuing our dialogue with you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Georg Funke', written in a cursive style.

Georg Funke
Chairman of the Executive Board

The most important results of the 2004 Annual General Meeting

Hypo Real Estate Holding held its first Annual General Meeting on June 4, 2004, in Gasteig in Munich, and rendered account for 2003, its first fiscal year, to some 3,000 shareholders in attendance. The shareholders approved the management's resolutions by a large majority. They included placement of undistributed earnings of € 37.4 million into retained earnings for fiscal year 2004, discharge of the Executive Board and Supervisory Board, replacement of the previously authorized capital with a newly authorized capital in the amount of € 201.1 million, creation of conditional capital in the amount of € 40.1 million, new rules for Supervisory Board remuneration and the choice of KPMG Deutsche Treuhand-Gesellschaft AG as the independent auditor for the 2004 fiscal year.

A request submitted by Bayerische Landesstiftung to convert its 3,638,400 preference shares into the same number of ordinary shares failed to find a majority at the Annual General Meeting.

A large majority of the shareholders approved also the extension of the Supervisory Board from three to six members. This extension beyond the legal minimum of three members improves its ability to act and permits the establishment of committees. The recommended candidates, who also reflect the Group's internationalization, were elected with large majorities.

In the subsequent Supervisory Board meeting, Kurt F. Viermetz was again unanimously elected Chairman of the Supervisory Board.

Prof. Dr. Klaus Pohle was elected Vice Chairman of the Supervisory Board. The Supervisory Board also includes Dr. Ferdinand Graf von Ballestrem, Antoine Jeancourt-Galignani from Paris, Dr. Pieter Korteweg from Amsterdam and Robert H. Mundheim from New York. Dr. Götz Wricke did not stand for reelection. The company thanks Dr. Wricke for his services.

The Committee for Nomination and Board Procedures and the Audit Committee have been constituted in the meantime. The Committee for Executive Board Matters is chaired by Kurt F. Viermetz. Additional members are Prof. Dr. Klaus Pohle and Dr. Pieter Korteweg. Prof. Dr. Klaus Pohle has taken on the position of chair of the Audit Committee, which also includes Antoine Jeancourt-Galignani and Dr. Ferdinand Graf von Ballestrem.

The consolidation of the stock market, which began in the first quarter of this year, continued in the second quarter, particularly under the impact of the rise in oil prices and uncertainty about broader economic trends. From April to June, the international Dow Jones and Euro STOXX 50 indexes only moved sideways (+0.8 % during the quarter). The

German indexes DAX and MDAX performed better, with a plus of 5.1 % and 7.6 %, respectively. But the Prime Bank index, which is important for this share, declined by 2.1 %.



Even in this market environment, the Hypo Real Estate share continued to outperform the overall market. With an increase in value of 5.6 %, it performed 7.7 percentage points better than the Prime Banks benchmark. Only the MDAX index performed

2 percentage points better than the Company's share. The drop in price prior to the announcement of the first quarter's figures was reversed after the announcement.

KEY FIGURES ON THE HYPO REAL ESTATE SHARE AS OF JUNE 30, 2004

Number of listed shares	Number	130,433,775
Average number of listed shares in Q2	Number	130,433,775
Market capitalization on 30.6.2004	€ million	3,145
Number of ordinary shares on 30.6.2004	Number	130,433,775
Number of preference shares on 30.6.2004	Number	3,638,400
Earnings per share	€	0.62
Q2 high (30.6.2004) ¹⁾	€	24.11
Q2 low (10.5.2004) ¹⁾	€	20.27
Initial listing on 6.10.2003	€	11.25
quarterly closing price ¹⁾	€	24.11
German securities identification number – ordinary shares		802 770
ISIN – ordinary shares		DE 000 802 770 7
Known shareholders with more than 5 % stake		Brandes Investment Partners 9.09 %, Egerton Capital 5.03 %, Morgan Stanley & Co. International 5.90 %

¹⁾ Xetra closing prices on the Frankfurt Stock Exchange.

As of June 30, 2004, 1463 people were employed by Hypo Real Estate Group (compared to 1449 on March 31, 2004). This represents a slight increase in employee numbers for the entire Group. Hypo Real Estate Germany had a total of 784 employees on June 30, 2004 compared to 814 on March 31, 2004. The planned staff cuts were implemented.

The headcount at Württemberger Hypo remained unchanged at 174.

At Hypo Real Estate Bank International, there was a further increase in employees, both at headquarters and in the branches, in line with business expansion. On June 30, 2004, 464 (417) people were in the bank's service. Of these, 137 (123) were employed in the Dublin headquarters.

Development in the individual business segments

Earnings developed according to plan in the first six months of the current year. In all three business segments – Hypo Real Estate International, Wuerttembergische Hypothekenbank and Hypo

Real Estate Germany – net income before taxes was at the upper end of the planning corridor or slightly above.

In € million		
	1.1.–30.6.2004	Plan ½ of 2004
Hypo Real Estate International		
Net income before taxes	94	88 to 93
Wuerttembergische Hypothekenbank		
Net income before taxes	32	28 to 30
Hypo Real Estate Germany		
Net income before taxes	-1	-3 to 0

Hypo Real Estate International

EARNINGS DEVELOPMENT In Hypo Real Estate International, earnings development in the current year reflects the earnings contributions from the US real estate financing portfolio, which has been included since the start of the year, as well as new business. Compared pro rata to the previous year, operating revenues rose by € 79 million to € 176 million in the first half of 2004. Net interest income rose from € 69 million to € 111 million, net commission income from € 27 million to € 62 million. In the second quarter it was again not necessary to set any allowances for individual loans and advances in Hypo Real Estate International.

A portfolio-based loss allowance of € 27 million has precautionary been set as of June 30, 2004.

General administrative expenses reflect the expenses entailed in including the US business, the building-up of the “Capital Markets” division and the continued expansion of the international presence. General administrative expenses rose successively over the year and increased in the first half year over the prior year’s pro rata figure by € 26 million to € 58 million. The cost-income ratio improved slightly to 33 %.

Net income before taxes was € 94 million after the first six months, showing a slight increase in the second quarter. Taxes on income in the amount of € 22 million pro rata reflect the expected tax

expense for the year. Overall, the business segment Hypo Real Estate International achieved net income of € 72 million in the first half year (¹/₂ of 2003:

€ 29 million), with a more than doubled return on equity of 10.1 %.

KEY FINANCIALS

Operating performance (in € million)	1.1.–30.6.2004	½ of 2003
Operating revenues	176	97
Provisions for losses on loans and advances	27	19
General administrative expenses	58	32
Net income from investments	3	-2
Balance of other income/expenses	-	-
Net income before taxes	94	44
Net income	72	29
Key ratios (in %)	1.1.–30.6.2004	2003
Return on equity after taxes ¹⁾	10.1	4.3
Cost-income ratio (based on operating revenues)	33.0	33.2
Key indicators	30.6.2004	31.12.2003
Total volume of lending (in € billion)	15.9	17.8
Risk assets compliant with BIS rules (in € billion)	15.1	14.5
Core capital ratio compliant with BIS rules (in %)	9.6	8.9 ²⁾
Employees	464	344

1) Annualized.

2) As per approved annual financial statements.

PORTFOLIO DEVELOPMENT The loan portfolio managed by the business segment, which in the following discussion also includes credit approvals as well as securities portfolios, was € 20.7 billion on June 30, 2004. Of this, around € 14.7 billion (71 %) was made up of real estate financing and € 6.0 billion (28 %) of municipal bonds held by Pfandbrief Bank International (PBI). Not included are € 0.9 bil-

lion of US business, which is guaranteed by Hypo Real Estate Bank International which also holds the respective risk management responsibility, but which is booked and carried by Wuerttembergische Hypothekenbank.

As expected, new business accelerated markedly in the 2nd quarter compared to the 1st. The new real estate business volume booked for

the first six months was € 3.7 billion. The largest share was generated in the strategic core countries United States, United Kingdom and France. Overall, the volume of commercial real estate financing by due dates rose by € 1.7 billion compared to December 31, 2003.

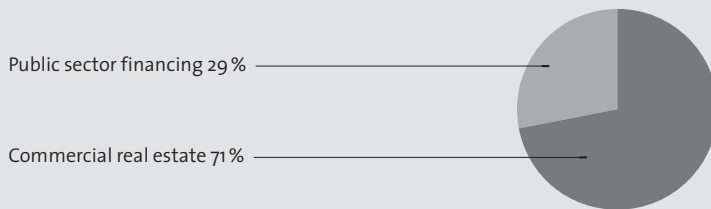
The portfolio continues to display broad geographical diversification. For the first time, depiction of the regions was linked to the country in which each respective property is located, which

resulted in changes in most countries' shares. Summarized under "Others" are loans in Poland, the Czech Republic, Hungary, Switzerland, Japan etc. None of these countries represent more than 2% of the overall portfolio.

The portfolio distribution by type of financed property is dominated by office buildings and retail trade properties, which are largely contained in the "Mixed use" category.

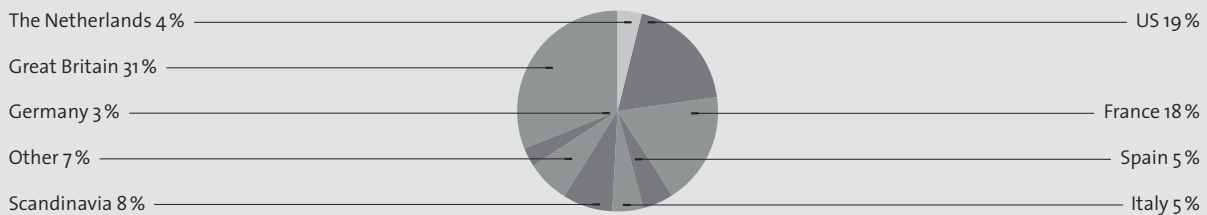
TOTAL PORTFOLIO

As of June 30, 2004



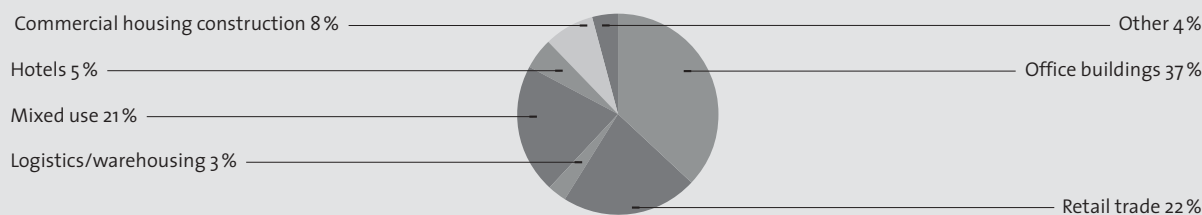
PORTFOLIO BY COUNTRIES

As of June 30, 2004



PORTFOLIO BY PROPERTY TYPE

As of June 30, 2004



Wuerttembergische Hypothekenbank

EARNINGS DEVELOPMENT Wuerttembergische Hypothekenbank continued its solid earnings developments in the second quarter. Operating revenues rose over the first quarter, with special items raising net interest income in the second quarter. Accumulated operating revenues as of June 30, 2004, dropped slightly compared to the previous year's pro rata figure, from € 52 million to € 49 million. In contrast, net income from investments rose by € 4 million to € 7 million.

The addition to provisions for losses on loans and advances in the amount of € 9 million reflects the pro rata expectation for this year.

The cost-income ratio is 30.6 % as of June 30, 2004.

Wuerttembergische Hypothekenbank's net income before taxes as of June 30, 2004, therefore rose over the previous year from € 27 million to € 32 million, whereby the first and second quarter delivered equal contributions to earnings. Taxes on income do not arise, due to the profit-and-loss-transfer agreement with Hypo Real Estate Holding AG, so return on equity after taxes improved at the close of the second quarter from 8.2 % to 10.1 %.

KEY FINANCIALS

Operating performance (in € million)	1.1.–30.6.2004	1/2 of 2003
Operating revenues	49	52
Provisions for losses on loans and advances	9	12
General administrative expenses	15	16
Net income from investments	7	3
Balance of other income/expenses	–	–
Net income before taxes	32	27
Net income	32	26
Key ratios (in %)	1.1.–30.6.2004	2003
Return on equity after taxes ¹⁾	10.1	8.2
Cost-income ratio (based on operating revenues)	30.6	29.8
Key indicators	30.6.2004	31.12.2003
Total volume of lending (in € billion)	19.0	19.5
Risk assets compliant with BIS rules (in € billion)	9.2	9.4
Core capital ratio compliant with BIS rules (in %)	7.0	6.9 ²⁾
Employees	174	182

1) Annualized.

2) As per approved annual financial statements.

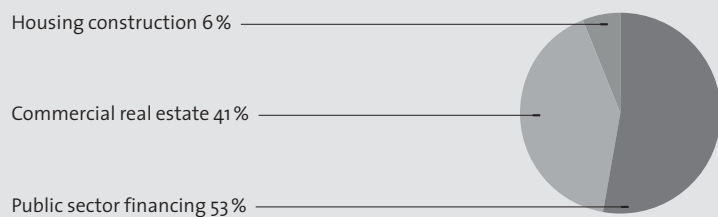
PORTFOLIO DEVELOPMENT The loan portfolio managed by the bank, which in the following comment also includes credit approvals and securities portfolios, was € 27.0 billion on June 30, 2004. Of this, around € 12.6 billion (47 %) consisted of mortgage loans and € 14.4 billion (53 %) of municipal business, including bonds and notes. The entire mortgage business volume booked for the first six months was € 1.2 billion, and was generated mainly in the target countries United Kingdom, France, USA, the Netherlands, Sweden, Denmark and Switzerland. Public bonds were purchased in the amount of € 2.1 billion in anticipation of

planned maturities. Overall, the total portfolio by due dates grew by € 1.0 billion compared to December 31, 2003.

The percentage of the total portfolio outside Germany is now 62 %, compared with 59 % at the end of 2003, and is distributed mainly between the United Kingdom, France, USA, the Netherlands and Sweden. Summarized under “Others” are loans in Denmark, Switzerland, Spain and Luxembourg. In the break-down of the commercial real estate portfolio by mortgaged property type, office buildings and retail trade properties are predominant at around 88 %.

TOTAL PORTFOLIO

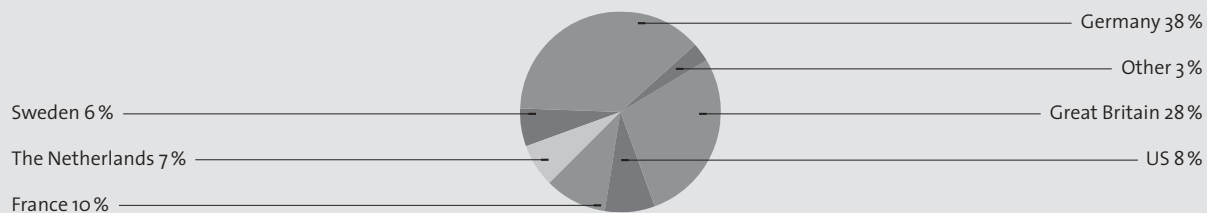
As of June 30, 2004



Commercial housing construction is included in commercial real estate.

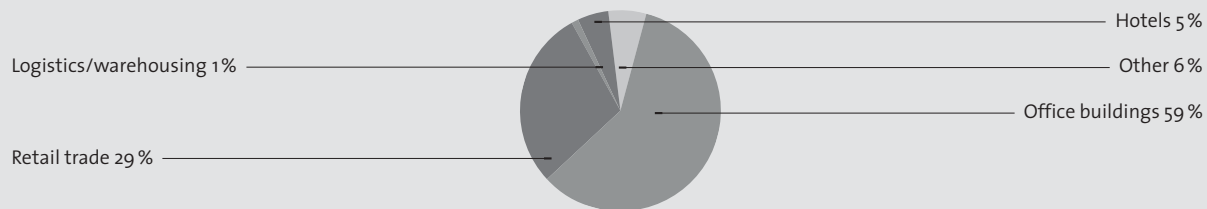
PORTFOLIO BY COUNTRIES

As of June 30, 2004



COMMERCIAL PORTFOLIO BY PROPERTY TYPE

As of June 30, 2004



Hypo Real Estate Germany

EARNINGS DEVELOPMENT During the second quarter, the downsizing of parts of the portfolio has been pushed forwards at Hypo Real Estate Germany. As in the first quarter, prepayment penalties remained at a high level. As expected, operating revenues fell in the course of the portfolio downsizing in the first half of the year from € 218 million to € 175 million, compared pro rata to the previous year. Net interest income fell by € 28 million, whereby the previous year's figure contains the pro rata FGH Bank dividend of around € 17 million. Compared pro rata to the previous year, net commission income fell by € 5 million to € -8 million, due mainly to postponed commission income.

The addition to provisions for losses on loans and advances equaled € 110 million. It is stated as a net figure after adjustment of the risk shelter provided by HVB AG to the benefit of Hypo Real Estate Bank AG in the pro rata amount of € 65 million. In the previous year, the pro rata risk shelter was still € 230 million, the addition to provisions for losses on loans and advances after adjustment of the risk shelter was € 95 million. Without the risk shelter, the addition to provisions for losses on loans and advances at Hypo Real Estate Germany decreased pro rata by € 150 million.

General administrative expenses have been reduced from the previous year's pro rata amount by € 11 million to € 67 million as a result of the restructuring. As the personnel cuts will have their main impact in the second half of the year, general administrative expenses will again fall more than proportionately. The cost-income ratio as of June 30, 2004, is 38.3 %.

Hypo Real Estate Germany attained net income from investments of € 6 million from the sale of securities. The previous year (€ -1 million) contained the pro rata write-off on the FGH Bank of around € 17 million, so the semiannual result from securities transactions is below the previous year's pro rata figure.

The balance of other income/expenses of € -5 million contains restructuring expenses in that amount.

As of June 30, 2004, Hypo Real Estate Germany earned net income before taxes of € -1 million, but achieved a break-even in the second quarter.

KEY FINANCIALS

Operating performance (in € million)	1.1.–30.6.2004	½ of 2003
Operating revenues	175	218
Provisions for losses on loans and advances	110	95
General administrative expenses	67	76
Net income from investments	6	-1
Balance of other income/expenses	-5	-52
Net income before taxes	-1	-6
Net income	-7	-8
Key ratios (in %)	1.1.–30.6.2004	2003
Return on equity after taxes ¹⁾	-0.6	-0.7
Cost-income ratio (based on operating revenues)	38.3	34.9
Key indicators	30.6.2004	31.12.2003
Total volume of lending (in € billion)	71.5	76.5
Risk assets compliant with BIS rules (in € billion)	27.8	30.6
Core capital ratio compliant with BIS rules (in %)	7.6	7.4 ²⁾
Employees	784	904

1) Annualized.

2) As per approved annual financial statements.

PORTFOLIO DEVELOPMENT The loan portfolio managed by the bank, which also includes loan approvals and securities portfolios, was € 86.9 billion on June 30, 2004. Of this, a pro rata amount of € 36.5 billion (42 %) was attributable to mortgage loans and € 50.4 billion (58 %) to municipal business, including bonds and notes. The municipal loan portfolio declined by € 4.0 billion compared to December 31, 2003, and the mortgage loan portfolio by € 2.0 billion as a result of the continued restrictive new business policy and the selection of renewals based on strict risk and return considerations. Particularly in the area of residential

construction, the loan portfolio was reduced by an additional € 1.5 billion, in line with the established strategy.

The regional break-down of mortgage loans also remained unchanged, with 92 % of the portfolio in Germany and 8 % in other European countries, mainly the United Kingdom and the Netherlands. In the portfolio break-down of commercial lending according to type of mortgaged property, office buildings and retail trade properties are predominant at around 76 %.

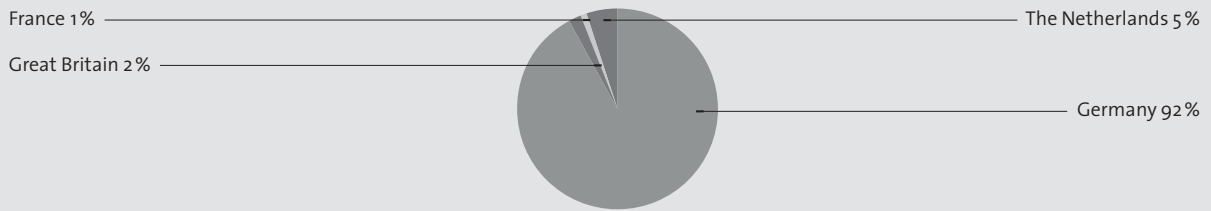
TOTAL PORTFOLIO

As of June 30, 2004



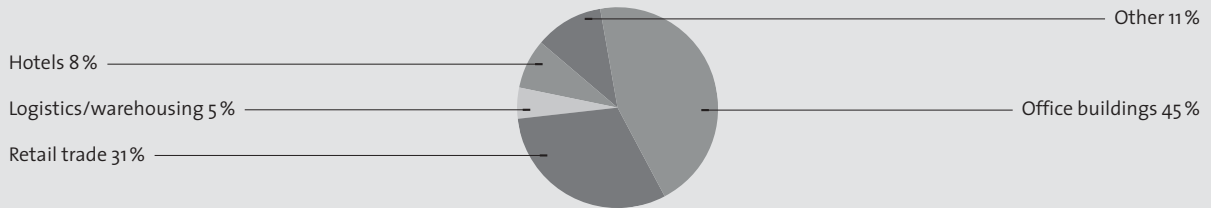
PORTFOLIO BY COUNTRIES

As of June 30, 2004



COMMERCIAL PORTFOLIO BY PROPERTY TYPE

As of June 30, 2004



Earnings development The performance of the individual business segments and Hypo Real Estate Holding AG in the first half of 2004 led to satisfactory consolidated earnings. Operating revenues and the addition to provisions for losses on loans and advances developed as expected. As of

reporting date general administrative expenses kept the planned pro rata figure. Net income before taxes in the amount of € 114 million is slightly above the planning corridor. The declared goal of 3.5 % – 4 % return on equity after taxes has been achieved as of June 30, 2004.

OPERATING PERFORMANCE

In € million

	1.1.–30.6.2004	Plan ½ of 2004
Operating revenues	399	395 to 403
Provisions for losses on loans and advances	146	143 to 138
General administrative expenses	149	155 to 150
Net income before taxes	114	103 to 113

KEY RATIOS

In %

	1.1.–30.6.2004	Plan 2004
Cost-income ratio (based on operating revenues)	37.3	37.2 to 39.2
Return on equity after taxes ¹⁾	4.0	3.5 to 4.0

¹⁾ Annualized.

OPERATING REVENUES Operating revenues in the first six months rose pro rata over the previous year from € 369 million to € 399 million. The Group benefited from the inclusion of the earnings contribution from the US real estate financing portfolio since the start of the year and from international new business. In contrast operating revenues decreased as a result of the downsizing of the domestic portfolio. Hence net interest income, compared pro rata

to the previous year, rose by € 9 million to € 346 million, though the pro rata dividend of FGH Bank in the amount of around € 17 million was included in the previous year. Net commission income rose from € 22 million to € 49 million.

The balance of other operating income/expenses was € 2 million and therefore € 8 million less than the previous year's pro rata figure, which included gains on the disposal of real estate which

was no longer required for operations. The rise in operating revenues during the year reflects, in particular, the successful new business of Hypo Real Estate International.

PROVISIONS FOR LOSSES ON LOANS AND ADVANCES The addition to provisions for losses on loans and advances was € 146 million and is stated as a net figure after adjustment of the risk shelter provided by HVB AG to the benefit of Hypo Real Estate Bank AG in the pro rata amount of € 65 million. The addition to provisions for losses on loans and advances is € 20 million higher than in the previous year, in which a risk shelter of pro rata € 230 million was applied. Without the risk shelter, the addition to provisions for losses on loans and advances decreased by € 145 million.

GENERAL ADMINISTRATIVE EXPENSES Compared to the previous year's pro rata amount, general administrative expenses rose by € 19 million to € 149 million. This reflects the inclusion of the US business, the successive building up of the "Capital Markets" division, and the continued expansion of the international presence.

INCOME FROM INVESTMENTS Net income of € 15 million was attained from investments. The prior year's result of € 0 million includes the pro rata write-off on the FGH Bank of around € 17 million, so that adjusted net income from investments for the reporting period is at the same level as last year.

BALANCE OF OTHER INCOME/EXPENSES The balance of other income/expenses is € -5 mil-

lion and includes restructuring expenses from Hypo Real Estate Bank AG in that amount. The previous year included pro rata restructuring expenses of € 43 million, which had been opposed by the positive effect from writing back the liability difference ("lucky buy") WestHyp in the amount of around € 18 million pro rata.

NET INCOME/LOSS BEFORE TAXES Net income before taxes rose over the previous year's pro rata figure by 46.2% to € 114 million, and adjusted by the positive effect from writing back the liability difference from the previous year, by 90%. The quarterly result increased slightly over that for the first quarter.

CONSOLIDATED PROFIT Taxes on income have been stated on the basis of the expected tax rate for 2004 of pro rata € 30 million. This results in net income of € 84 million at the close of the second quarter. This equals a return on equity of 4%. Consolidated profit after minority interest is € 83 million. Compared to the previous year's pro rata consolidated profit of € 40 million after adjustment of the "lucky buy" WestHyp, profit was more than doubled as of June 30, 2004 – as was already the case at the close of the first quarter.

Balance sheet development Total assets fell since the start of the year by 2.9% to € 148.5 billion. The municipal loans declined by € 3.8 billion. Real estate financing rose slightly by € 0.8 billion.

The total volume of lending fell 7.2% to € 105.5 billion as of June 30, 2004. In Hypo Real Estate Germany, the lending volume has been

reduced by € 5.0 billion in the course of the downsizing of parts of the domestic portfolio. Contingent liabilities in the Hypo Real Estate International business segment decreased in consequence of consolidation by the amount of the guarantees provided by Hypo Real Estate Bank International to the benefit of Hypo Real Estate Capital Corp., which was consolidated for the first time. Loans and advances, on the other hand, increased substantially. Overall, the total volume of lending in Hypo Real Estate International fell from € 17.8 billion to € 15.9 billion.

In the first six months of the current fiscal year, risk assets fell by € 2.2 billion to € 51.8 billion. They are below plan as of the reporting date, since the reduction of risk assets in Germany has not yet been offset by the building-up of risk assets in Hypo Real Estate International planned for the entire year.

RISK ASSETS COMPLIANT WITH BIS RULES

In € billion

	30.6.2004	Plan 2004
Risk assets	51.8	58

Core capital remains unchanged at € 4.1 billion. The core capital ratio improved from 7.6 % to 7.9 %, the equity funds ratio from 11.5 % to 11.6 %. Hypo Real Estate Group therefore continues to be equipped with a very satisfactory level of equity.

Earnings outlook The central value driver in coming months will continue to be the increase in business volume in the business segment Hypo Real Estate International and the completion of the restructuring in the business segment Hypo Real Estate Germany.

On the one hand the focus is thereby on the expanded product offering and international expansion of the business segment Hypo Real Estate International, on the other hand on the downsizing of higher-risk parts of the portfolio and increase in margins at the business segment Hypo Real Estate Germany. Given the satisfactory earnings development in the first six months of the current year, the Executive Board of Hypo Real Estate Holding AG retains its 2004 forecast unchanged: Increase in consolidated net income before taxes to the € 205 million to € 225 million and a return on equity after taxes of 3.5 % to 4 %.

Results

Income statement from January 1, 2004 to June 30, 2004

INCOME/EXPENSES					
In € million					
	Notes	1.1.–30.6. 2004	½ of 2003	Change in € million	Change in %
Interest income	4	4,027	4,369	-342	-7.8
Interest expense	4	3,681	4,032	-351	-8.7
Net interest income	4	346	337	+9	+2.7
Provisions for losses on loans and advances	5	146	126	+20	+15.9
Net interest income after provisions for losses on loans and advances		200	211	-11	-5.2
Commission income		76	55	+21	+38.2
Commission expenses		27	33	-6	-18.2
Net commission income	6	49	22	+27	>+100
Trading profit		2	-	+2	>+100
General administrative expenses	7	149	130	+19	+14.6
Balance of other operating income/expenses	8	2	10	-8	-80.0
Operating profit/loss		104	113	-9	-8.0
Net income from investments	10	15	-	+15	>+100
Balance of other income/expenses	11	-5	-35	+30	+85.7
Profit/loss from ordinary activities / net income/loss before taxes		114	78	+36	+46.2
Taxes on income	12	30	20	+10	+50.0
Net income/loss		84	58	+26	+44.8
Minority interest		-1	-	-1	>-100
Profit		83	58	+25	+43.1

EARNINGS PER SHARE			
In €			
	Notes	1.1.–30.6. 2004	½ of 2003
Earnings per share (excluding amortization of goodwill)	13	0.62	0.43
Earnings per share	13	0.62	0.43

Income statement from April 1, 2004 to June 30, 2004

INCOME/EXPENSES				
In € million				
	1.4.–30.6.	¼ of	Change	
	2004	2003	in € million	in %
Interest income	2,012	2,184	-172	-7.9
Interest expense	1,832	2,016	-184	-9.1
Net interest income	180	168	+12	+7.1
Provisions for losses on loans and advances	75	63	+12	+19.0
Net interest income after provisions for losses on loans and advances	105	105	-	-
Commission income	34	27	+7	+25.9
Commission expenses	9	16	-7	-43.8
Net commission income	25	11	+14	>+100
Trading profit	2	-	+2	>+100
General administrative expenses	77	65	+12	+18.5
Balance of other operating income/expenses	1	5	-4	-80.0
Operating profit/loss	56	56	-	-
Net income from investments	4	-	+4	>+100
Balance of other income/expenses	-1	-17	+16	+94.1
Profit/loss from ordinary activities / net income/loss before taxes	59	39	+20	+51.3
Taxes on income	16	10	+6	+60.0
Net income/loss	43	29	+14	+48.3
Minority interest	-1	-	-1	>-100
Profit	42	29	+13	+44.8

Balance sheet at June 30, 2004

ASSETS

In € million

	Notes	30.6.2004	31.12.2003	Change	
				in € million	in %
Cash reserve		425	489	-64	-13.1
Assets held for trading purposes	1	272	-	+272	>+100
Placements with, and loans and advances to, other banks		22,774	24,981	-2,207	-8.8
Loans and advances to customers		81,809	85,505	-3,696	-4.3
Allowances for losses on loans and advances	15	-2,083	-1,896	-187	-9.9
Investments	16	37,544	36,471	+1,073	+2.9
Property, plant and equipment		17	29	-12	-41.4
Intangible assets		20	13	+7	+53.8
Other assets		5,337	5,029	+308	+6.1
Tax assets		2,340	2,256	+84	+3.7
Total assets		148,455	152,877	-4,422	-2.9

SHAREHOLDERS' EQUITY AND LIABILITIES

In € million

	Notes	30.6.2004	31.12.2003	Change	
				in € million	in %
Deposits from other banks	17	19,227	19,351	-124	-0.6
Amounts owed to other depositors	18	7,904	7,844	+60	+0.8
Promissory notes and other liabilities evidenced by paper	19	105,780	110,153	-4,373	-4.0
Liabilities held for trading purposes	2	37	-	+37	>+100
Provisions	20	208	210	-2	-1.0
Other liabilities		8,684	8,786	-102	-1.2
Tax liabilities		1,427	1,273	+154	+12.1
Subordinated capital	21	2,300	2,476	-176	-7.1
Minority interests		13	14	-1	-7.1
Shareholders' equity		2,875	2,770	+105	+3.8
Subscribed capital		402	402	-	-
Additional paid-in capital		3,310	3,310	-	-
Retained earnings		439	358	+81	+22.6
Revaluation reserve		-1,396	-1,415	+19	+1.3
Afs reserve		36	48	-12	-25.0
Cash flow hedge reserve		-1,432	-1,463	+31	+2.1
Profit carried forward		37	-	+37	>+100
Consolidated profit		83	115	-32	-27.8
Total shareholders' equity and liabilities		148,455	152,877	-4,422	-2.9

Statement of changes in shareholders' equity

In € million		
	2004	2003
Shareholders' equity at 1.1.	2,770	2,994
Changes		
Subscribed capital	–	–
Additional paid-in capital	–	–
Retained earnings	81	–10
Revaluation reserve	19	–329
Afs reserve	–12	–32
Cash flow hedge reserve	31	–297
Profit carried forward	37	–
Consolidated profit	–32	115
Shareholders' equity at 30.6. 2004 / 31.12.2003	2,875	2,770

The Annual General Meeting held on June 4, 2004, decided to carry forward the consolidated profit of Hypo Real Estate Holding AG from 2003.

Cash flow statement

In € million		
	2004	2003
Cash and cash equivalents at 1.1.	489	79
+/- Cash flow from operating activities	1,119	–3,275
+/- Cash flow from investing activities	–1,094	3,189
+/- Cash flow from financing activities	–61	337
+/- Effects of exchange rate changes	–28	159
Cash and cash equivalents at 30.6. 2004 / 31.12.2003	425	489

Notes

IFRS-principles The consolidated financial statements for 2003 of the Hypo Real Estate Holding AG are prepared in compliance with the International Financial Reporting Standards (IFRS) as relieving consolidated financial statements in accordance with § 292 a German Commercial Code (HGB).

This interim report meets the requirements of IAS 34 and the stipulations of German Accounting Standard No. 6 (GAS 6) on interim reporting passed by the German Accounting Standards Board (GASB).

After significant restructuring measures in course of the spin-off from HVB AG Hypo Real Estate Holding AG came into existence when it was entered in the Commercial Register on September 29, 2003. To improve comparability, in this interim report the previous year's pro rata figures from the audited consolidated financial statements as of December 31, 2003 have been used.

Segment reporting is based on the same segment structure as in the consolidated financial statements as of December 31, 2003.

Supplements to the accounting and valuation methods The accounting and valuation methods used in the 2003 consolidated financial statements were supplemented as follows for June 30, 2004:

The valuation method applied was improved by introduction of a new trading system at one company. The new valuation method results in better information on the asset, financial, and earnings situation. The adjustment resulting from the change in the valuation approach is presented, in accordance with IAS 8.49, as an adjustment to the opening balance of retained earnings of January 1, 2004. The change had no significant effect on the Group's asset, financial, and earnings situation.

1 Assets held for trading purposes Besides securities held for trading purposes, this item includes the positive market values of traded derivatives and derivatives used to hedge currency risk arising from financial instruments that are not available-for-sale securities.

Provided they are held for trading purposes, note loans, registered bonds and Treasury bills are carried as other assets held for trading purposes. Assets held for trading purposes are carried at fair value.

The carrying value of derivative financial instruments not traded on the stock exchange is calculated using internal price models based on net present value computations and option price models. Gains and losses arising from the valuation and realization of assets held for trading purposes are taken to the income statement as gains less losses arising from trading securities.

2 Liabilities held for trading purposes Liabilities held for trading purposes include traded derivatives and derivatives used to hedge foreign currency risk arising from financial instruments that are not available for sale. Warrants and certificates issued by the Bank's trading department are also stated under this item.

Provided they are held for trading purposes short positions in registered bonds and Treasury bills are carried as other liabilities held for trading purposes. Liabilities held for trading purposes are carried at fair value.

Scope of consolidation The following companies have been newly included into the scope of consolidation as of June 30, 2004:

- | Hypo Real Estate Capital Corp., New York
- | Hypo Real Estate Capital Iberia S.L., Madrid
- | Hypo Real Estate Capital Italia S.p.A., Milan
- | Hypo Real Estate Capital Japan Corp., Tokyo
- | Hypo Real Estate Capital S.A., Paris

Removed from the scope of consolidation is

- | WestHyp Immobilien Management GmbH & Co. KG, Dortmund.

The scope of consolidation, which was defined according to materiality criteria, now includes 17 fully consolidated companies.

Notes to the income statement

3 Segment reporting

INCOME STATEMENT, BROKEN DOWN BY BUSINESS SEGMENT					
In € million					
	HREI	WuerttHyp	HREGe	Other/ consoli- dation	HREG
Net interest income					
1.1.–30.6.2004	111	54	182	–1	346
½ of 2003	69	55	210	3	337
Provisions for losses on loans and advances					
1.1.–30.6.2004	27	9	110	–	146
½ of 2003	19	12	95	–	126
Net interest income after provisions for losses on loans and advances					
1.1.–30.6.2004	84	45	72	–1	200
½ of 2003	50	43	115	3	211
Net commission income					
1.1.–30.6.2004	62	–5	–8	–	49
½ of 2003	27	–2	–3	–	22
Trading profit					
1.1.–30.6.2004	2	–	–	–	2
½ of 2003	–	–	–	–	–
General administrative expenses					
1.1.–30.6.2004	58	15	67	9	149
½ of 2003	32	16	76	6	130
Balance of other operating income/expenses					
1.1.–30.6.2004	1	–	1	–	2
½ of 2003	1	–1	11	–1	10
Operating profit/loss					
1.1.–30.6.2004	91	25	–2	–10	104
½ of 2003	46	24	47	–4	113

INCOME STATEMENT, BROKEN DOWN BY BUSINESS SEGMENT continuation

In € million

	HREI	WuerttHyp	HREGe	Other/ consoli- dation	HREG
Net income from investments					
1.1.–30.6.2004	3	7	6	-1	15
½ of 2003	-2	3	-1	-	-
Balance of other income/expenses					
1.1.–30.6.2004	-	-	-5	-	-5
½ of 2003	-	-	-52	17	-35
including:					
Restructuring expenses					
1.1.–30.6.2004	-	-	5	-	5
½ of 2003	-	-	43	-	43
including:					
Additions to restructuring provisions					
1.1.–30.6.2004	-	-	2	-	2
½ of 2003	-	-	17	-	17
Profit/loss from ordinary activities / net income/loss before taxes					
1.1.–30.6.2004	94	32	-1	-11	114
½ of 2003	44	27	-6	13	78
Taxes on income					
1.1.–30.6.2004	22	-	6	2	30
½ of 2003	15	1	2	2	20
Net income/loss					
1.1.–30.6.2004	72	32	-7	-13	84
½ of 2003	29	26	-8	11	58

KEY RATIOS, BROKEN DOWN BY BUSINESS SEGMENT

In %

	HREI	WuerttHyp	HREGe	HREG
Cost-income ratio (based on operating revenues)				
1.1.–30.6.2004	33.0	30.6	38.3	37.3
2003	33.2	29.8	34.9	35.2
Return on equity after taxes (net of amortization of goodwill)				
1.1.–30.6.2004	10.1	10.1	- 0.6	4.0
2003	4.3	8.2	- 0.7	2.8
Return on equity after taxes				
1.1.–30.6.2004	10.1	10.1	- 0.6	4.0
2003	4.3	8.2	- 0.7	2.8

BALANCE SHEET FIGURES, BROKEN DOWN BY BUSINESS SEGMENT

In € million

	HREI	WuerttHyp	HREGe	Other/ consoli- dation	HREG
Placements with, and loans and advances to, other banks					
30.6.2004	987	2,689	14,403	32	18,111
31.12.2003	1,829	2,604	14,783	-	19,216
Loans and advances to customers					
30.6.2004	8,436	16,279	56,994	-	81,709
31.12.2003	7,090	16,829	61,586	-	85,505
Contingent liabilities					
30.6.2004	6,480	24	99	-895	5,708
31.12.2003	8,858	27	120	-	9,005
Total volume of lending					
30.6.2004	15,903	18,992	71,496	-863	105,528
31.12.2003	17,777	19,460	76,489	-	113,726
Total allowances for losses on loans and advances					
30.6.2004	64	307	1,716	-	2,087
31.12.2003	37	291	1,574	-	1,902
Loans put on a non-accrual basis					
30.6.2004	-	314	2,945	-	3,259
31.12.2003	-	325	2,568	-	2,893

**KEY CAPITAL RATIOS BROKEN DOWN BY BUSINESS SEGMENT
(BASED ON GERMAN COMMERCIAL CODE – HGB)**

	HREI	WuerttHyp	HREGe	HREG
Equity funds¹⁾ (in € million)				
Core capital				
30.6.2004	1,459	644	2,114	4,103
31.12.2003 ²⁾	1,300	646	2,262	4,122
Supplementary capital				
30.6.2004	786	338	986	1,919
31.12.2003 ²⁾	834	340	1,142	2,126
Equity capital				
30.6.2004	2,245	982	3,100	6,022
31.12.2003 ²⁾	2,134	986	3,404	6,248
Tier III capital				
30.6.2004	–	–	–	–
31.12.2003 ²⁾	–	–	–	–
Total equity funds				
30.6.2004	2,245	982	3,100	6,022
31.12.2003 ²⁾	2,134	986	3,404	6,248
Risk-weighted assets (in € billion)				
On-balance-sheet assets				
30.6.2004	8.3	8.9	27.4	44.4
31.12.2003	8.4	9.2	30.1	47.1
Off-balance-sheet assets				
30.6.2004	6.8	0.3	0.4	7.4
31.12.2003	6.1	0.2	0.5	6.9
Total risk-weighted assets				
30.6.2004	15.1	9.2	27.8	51.8
31.12.2003	14.5	9.4	30.6	54.0

1) Consolidated presented to section 10a German Banking Act (KWG).

2) As per approved annual financial statements.

**KEY CAPITAL RATIOS BROKEN DOWN BY BUSINESS SEGMENT
(BASED ON GERMAN COMMERCIAL CODE – HGB) continuation**

	HREI	WuerttHyp	HREGe	HREG
Market risk positions (in € million)				
Currency risks				
30.6.2004	12	2	1	15
31.12.2003	6	1	1	8
Interest rate risks				
30.6.2004	8	–	–	8
31.12.2003	–	–	–	–
Total market risk positions				
30.6.2004	20	2	1	23
31.12.2003	6	1	1	8
Capital ratios (in %)				
Core capital ratio				
30.6.2004	9.6	7.0	7.6	7.9
31.12.2003 ¹⁾	8.9	6.9	7.4	7.6
Equity capital ratio				
30.6.2004	14.8	10.6	11.2	11.6
31.12.2003 ¹⁾	14.7	10.5	11.1	11.6
Equity funds ratio				
30.6.2004	14.6	10.6	11.2	11.6
31.12.2003 ¹⁾	14.6	10.5	11.1	11.5

1) As per approved annual financial statements.

4 Net interest income

In € million		
	1.1.–30.6.2004	½ of 2003
Interest income from	4,027	4,369
Lending and money market transactions	3,270	3,495
Fixed-income securities and government-inscribed debt	751	851
Equity securities and other variable-yield securities	–	4
Investments	6	17
Investment property	–	2
Interest expenses for	3,681	4,032
Deposits	1,591	1,587
Promissory notes and other liabilities evidenced by paper	2,021	2,387
Subordinated capital	69	57
Other	–	1
Total	346	337

INTEREST MARGINS

In %		
	30.6.2004	31.12.2003
Based on average risk assets according to BIS	1.32	1.25
Based on average volume of business	0.46	0.44

5 Provisions for losses on loans and advances

In € million		
	1.1.–30.6.2004	½ of 2003
Additions	169	142
Allowances for losses on loans and advances	169	141
Allowances for losses on guarantees and indemnities	–	1
Releases	–22	–15
Allowances for losses on loans and advances	–22	–15
Allowances for losses on guarantees and indemnities	–	–
Recoveries from write-offs on loans and advances	–1	–1
Total	146	126

The addition to provisions for losses on loans and advances of € 146 million is stated as a net figure after adjustment of the risk shelter provided by HVB AG to the benefit of Hypo Real Estate Bank AG for the 2004 fiscal year in the pro rata amount of € 65 million.

6 Net commission income

In € million		
	1.1.–30.6.2004	½ of 2003
Securities and custodial services	–1	10
Foreign trade operations/ money transfer operations	–	–
Lending operations	26	11
Other service operations	24	1
Total	49	22

7 General administrative expenses

In € million		
	1.1.–30.6.2004	½ of 2003
Personnel expenses	89	67
Wages and salaries	71	51
Social security costs	10	8
Pension and other employee benefit costs	8	8
Other administrative expenses	54	54
Depreciation and amortization	6	9
on property, plant and equipment	3	3
on software and other intangible assets, excluding goodwill	3	6
Total	149	130

8 Balance of other operating income/expenses

In € million		
	1.1.–30.6.2004	½ of 2003
Other operating income	4	24
Other operating expenses	2	14
Balance of other operating income/expenses	2	10

9 Operating revenues

In € million		
	1.1.–30.6.2004	½ of 2003
Net interest income	346	337
Net commission income	49	22
Trading profit	2	–
Balance of other operating income/expenses	2	10
Total	399	369

10 Net income from investments

In € million		
	1.1.–30.6.2004	½ of 2003
Income from investments	41	126
Expenses from investments	26	126
Total	15	–

11 Balance of other income/expenses

In € million		
	1.1.–30.6.2004	½ of 2003
Other income	–	17
Other expenses	5	52
thereof:		
Other taxes	–	–
Restructuring expenses	5	43
thereof:		
Additions to restructuring provisions	2	17
Balance of other income/expenses	–5	–35

Restructuring expenses of € 5 million were incurred in the first six months of the current year in the course of restructuring Hypo Real Estate Germany. This figure comprises current restructuring expenses of € 3 million and additions to restructuring provisions in accordance with IAS 37 of € 2 million. No longer included in other income/expenses in 2004 is the positive effect from writing back the liability difference (“lucky buy”) WestHyp, which in the previous year was around € 18 million pro rata.

12 Income tax Taxes on income have been stated on the basis of the expected tax rate for 2004.

In € million		
	1.1.–30.6.2004	½ of 2003
Current taxes	27	18
Deferred taxes	3	2
Total	30	20

13 Earnings per share

	1.1.–30.6.2004	½ of 2003
Net income/loss, adjusted for minority interest, in € million	83	58
Net income/loss, adjusted for minority interest and before amortization of goodwill, in € million	83	58
Average number of shares	134,072,175	134,072,175
Earnings per share (excluding amortization of goodwill) in €	0.62	0.43
Earnings per share in €	0.62	0.43

Notes to the consolidated balance sheet

14 Total volume of lending

In € million		
	30.6.2004	31.12.2003
Placements with, and loans and advances to, other banks	18,111	19,216
Loans and advances to customers	81,709	85,505
Contingent liabilities	5,708	9,005
Total	105,528	113,726

15 Allowances for losses on loans and advances

In € million		
	2004	2003
Balance at 1.1.	1,896	1,475
Changes affecting income	147	252
+ Gross additions	169	281
– Releases	– 22	– 29
Changes not affecting income	40	169
– Use of existing loan-loss allowances	– 91	– 371
+/- Effects of currency translation and other changes not affecting income	131	540
Balance at 30.6.2004 / 31.12.2003	2,083	1,896

16 Financial investments

In € million		
	30.6.2004	31.12.2003
Held-to-maturity investments	14,637	16,379
Debt securities and other fixed income securities	14,637	16,379
Available-for-sale investments	22,907	20,055
Investments in non-consolidated subsidiaries	191	242
Participating interests	6	6
Debt securities and other fixed income securities	22,710	19,807
Investment properties	–	37
Total	37,544	36,471

17 Deposits from other banks, broken down by maturity

In € million		
	30.6.2004	31.12.2003
Repayable on demand	1,179	770
With agreed maturities	18,048	18,581
Total	19,227	19,351

18 Amounts owed to other depositors, broken down by maturity

In € million		
	30.6.2004	31.12.2003
Repayable on demand	347	325
With agreed maturities	7,557	7,519
Total	7,904	7,844

21 Subordinated capital

In € million		
	30.6.2004	31.12.2003
Subordinated liabilities	1,601	1,727
Participating certificated outstanding	699	749
Total	2,300	2,476

19 Promissory notes and other liabilities evidenced by paper, broken down by maturity

In € million		
	30.6.2004	31.12.2003
With agreed maturities		
up to 3 months	5,405	6,294
from 3 months to 1 year	20,030	17,556
from 1 year to 5 years	57,233	61,844
over 5 years	23,112	24,459
Total	105,780	110,153

22 Treasury stock Neither Hypo Real Estate Holding AG itself nor any company in which a majority is owned holds shares of the Hypo Real Estate Holding AG.

20 Provisions

In € million		
	30.6.2004	31.12.2003
Provisions for pensions and similar obligations	143	140
Restructuring provisions (compliant with IAS 37)	36	35
Allowances for losses on guarantees and indemnities	4	6
Other provisions	25	29
thereof:		
Long-term liabilities to employees	7	7
Total	208	210

Other information

23 Contingent liabilities and other commitments

In € million		
	30.6.2004	31.12.2003
Contingent liabilities¹⁾	5,708	9,005
From guarantees and indemnity agreements	5,708	9,005
Loan guarantees	57	–
Guarantees and indemnity agreements	5,622	9,005
Documentary credits	29	–
Other commitments	2,987	2,597
Irrevocable credit commitments	2,534	2,571
Book credits	150	36
Mortgage and municipal loans	2,384	2,535
Other commitments	453	26
Total	8,695	11,602

¹⁾ Contingent liabilities are offset by contingent assets to the same amount.

The contingent liabilities from performance guarantees and indemnity agreements include guarantee obligations provided by Hypo Real Estate Bank International to the benefit of HVB AG, which were issued as part of the synthetic transfer of the “Western Europe” real estate financing portfolio. Hypo Real Estate Capital Corp. was included in the scope of consolidation for the first time in 2004, so

that the contingent liabilities as of June 30, 2004, decreased in consequence of consolidation by the amount of the guarantees provided by Hypo Real Estate Bank International to the benefit of Hypo Real Estate Capital Corp.

Munich, August 11, 2004

Hypo Real Estate Holding
Aktiengesellschaft

The Executive Board

Funke Berger Dr. Eisele Dr. Fell Lamby

Report of the Chairman of the Supervisory Board

The Chairman of the Supervisory Board was informed by the Chairman of the Audit Committee of the Supervisory Board of the results of the committee meeting held August 10, 2004. In this meeting, the Interim Report as of June 30, 2004, and the report of the independent auditor on the results of the audit were presented and explained by the Executive Board. Business developments, the earnings situation and the company’s financial situation were also explained. The Audit Committee has approved the interim report.

Munich, August 11, 2004

The Chairman of the Supervisory Board
Kurt F. Viermetz

Summary of quarterly financial data

HYPO REAL ESTATE GROUP

	1st Quarter	2nd Quarter
Operating performance (in € million)		
Operating revenues	191	208
Provisions for losses on loans and advances	71	75
General administrative expenses	72	77
Net income from investments	11	4
Balance of other income/expenses	-4	-1
Net income before taxes	55	59
Net income	41	43
Key indicators		
Total volume of lending (in € billion)	107.4	105.5
Risk assets compliant with BIS rules (in € billion)	51.9	51.8
Core capital ratio compliant with BIS rules (in %)	7.9	7.9
Employees	1,449	1,463

HYPO REAL ESTATE INTERNATIONAL

	1st Quarter	2nd Quarter
Operating performance (in € million)		
Operating revenues	83	93
Provisions for losses on loans and advances	11	16
General administrative expenses	26	32
Net income from investments	-	3
Balance of other income/expenses	-	-
Net income before taxes	46	48
Net income	33	39
Key indicators		
Total volume of lending (in € billion)	15.9	15.9
Risk assets compliant with BIS rules (in € billion)	14.1	15.1
Core capital ratio compliant with BIS rules (in %)	10.3	9.6
Employees	417	464

WUERTEMBERGISCHE HYPOTHEKENBANK

	1st Quarter	2nd Quarter
Operating performance (in € million)		
Operating revenues	22	27
Provisions for losses on loans and advances	5	4
General administrative expenses	8	7
Net income from investments	7	–
Balance of other income/expenses	–	–
Net income before taxes	16	16
Net income	16	16
Key indicators		
Total volume of lending (in € billion)	19.1	19.0
Risk assets compliant with BIS rules (in € billion)	8.8	9.2
Core capital ratio compliant with BIS rules (in %)	7.4	7.0
Employees	174	174

HYPO REAL ESTATE GERMANY

	1st Quarter	2nd Quarter
Operating performance (in € million)		
Operating revenues	87	88
Provisions for losses on loans and advances	55	55
General administrative expenses	33	34
Net income from investments	4	2
Balance of other income/expenses	–4	–1
Net income before taxes	–1	0
Net income	–1	–6
Key indicators		
Total volume of lending (in € billion)	73.5	71.5
Risk assets compliant with BIS rules (in € billion)	29.3	27.8
Core capital ratio compliant with BIS rules (in %)	7.2	7.6
Employees	814	784

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Future-oriented statements

This report contains future-oriented statements in the form of intentions, assumptions, expectations or forecasts. These statements are based on the plans, estimates and predictions currently available to the management of Hypo Real Estate Holding AG. Future-oriented statements therefore only apply on the day on which they are made. We do not undertake any obligation to update such statements in light of new information or future events. By their nature, future-oriented statements contain risks and factors of uncertainty. A number of important factors can contribute to actual results deviating considerably from future-oriented statements. Such factors include the condition of the financial markets in Germany, Europe and the USA, the possible default of borrowers or counterparties of trading companies, the reliability of our principles, procedures and methods for risk management as well as other risks associated with our business activity.

The structure of the Supervisory Board and the Executive Board of Hypo Real Estate Holding AG

Supervisory Board of Hypo Real Estate Holding AG

Kurt F. Viermetz
Chairman

Prof. Dr. Klaus Pohle
(Vice Chairman)

**Dr. Ferdinand
Graf von Ballestrem**

**Antoine
Jeancourt-Galignani**

Dr. Pieter Korteweg

Robert H. Mundheim

Committee for Nomination and Board Procedures

Kurt F. Viermetz
Chairman

Dr. Pieter Korteweg

Prof. Dr. Klaus Pohle

Audit Committee

Prof. Dr. Klaus Pohle
Chairman

**Dr. Ferdinand
Graf von Ballestrem**

**Antoine
Jeancourt-Galignani**

Executive Board of Hypo Real Estate Holding AG

Georg Funke
Chairman of the
Executive Board

Johann Berger
Spokesman of the
Executive Board of Hypo
Real Estate Bank AG

Dr. Paul Eisele
Spokesman of the
Executive Board of
Württembergische
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