

**Press release**

Munich, July 28, 2003

**HVB Real Estate and Westfälische Hypothekenbank poised to merge – Major step toward new Hypo Real Estate Group**

HVB Real Estate Bank AG in Munich and the Dortmund-based Westfälische Hypothekenbank are set to merge. The link-up will be consummated in November 2003 by merging the Westfälische Hypothekenbank onto HVB Real Estate Bank AG. The boards of both banks have now agreed to initiate the merging procedure. The schedule for the merger is also subject to the proviso that the squeeze-out at HVB Real Estate Bank AG becomes effective.

"The coalescence of HVB Real Estate Bank AG and Westfälische Hypothekenbank is the next step which will enhance the profile of the new Hypo Real Estate Group slated for launching in the fourth quarter of 2003," explained Georg Funke, board spokesman of HVB Real Estate Bank AG and designated chairman of the Board of the new Hypo Real Estate Group. "The merger will create considerable synergy effects, thus enabling us to increase efficiency and profitability by a long shot," Funke continued. He estimated these effects at altogether 15 million euros p.a. from 2005 on.

In the new **Hypo Real Estate Group**, into which HVB Group is spinning off its commercial real estate financing activities, HVB Real Estate Bank AG – which will then operate under the name Hypo Real Estate Bank AG – will be one of three operative units

along with Hypo Real Estate International Bank (Dublin) and Württemberger Hypothekenbank (Stuttgart).

**HVB Real Estate** was formed in 2001 from the merger of Nürnberger Hypothekenbank and Süddeutscher Bodencreditbank onto Bayerische Handelsbank. As of December 31, 2003 it posted total assets of some 78 billion euros. It currently employs 799 people. **Westfälische Hypothekenbank** was established in 1961 and was initially based in Hagen, Westphalia. In 1975 its headquarters were moved to Dortmund. Bayerische Hypotheken- und Wechsel-Bank has held a majority of the shares together with Westfalenbank since 1979. Following the merger of Bayerische Hypotheken- und Wechsel-Bank and Bayerische Vereinsbank in 1998, Westhyp has belonged to HypoVereinsbank Group. The bank posted total assets of approximately 43 billion euros as of December 31, 2002 and employs 251 people. The new **Hypo Real Estate Bank Deutschland** is expected to have around 600 positions in 2004, which means that about 450 jobs will be shed.

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