

Analyst Conference Call
August 11, 2004

Hypo  Real Estate
GROUP



Results H1 2004
Dr. Markus Fell, CFO

Conference Call Details

- I Date and Time: August 11, 2004 starting at 14:00 CET

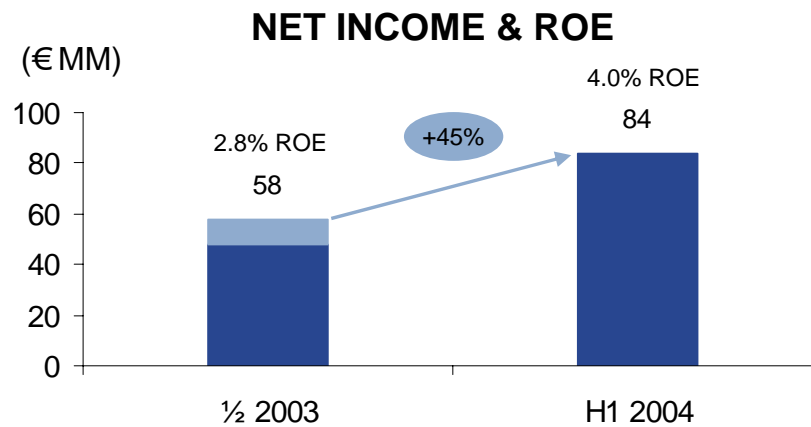
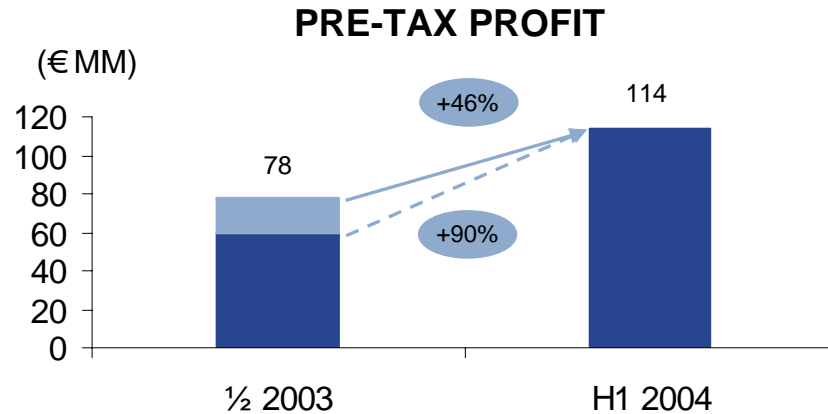
- I You can participate dialling:
 - + 49 (0) 69 22222 0408
 - + 44 (0) 20 7098 0703 (for participants from the UK)
 - + 1 718 354 1157 (for participants from the US)

- I A replay will be available until Friday under:
 - + 49 (0) 69 22222 0418
 - + 44 (0) 20 7984 7578 (for participants from the UK)
 - + 1 718 354 1112 (for participants from the US)The required pin code is: 881045

- I There will be a replay on our website for 3 months: www.hyporealestate.com

Hypo Real Estate Group

H1 2004 pre-tax profit up 46 %



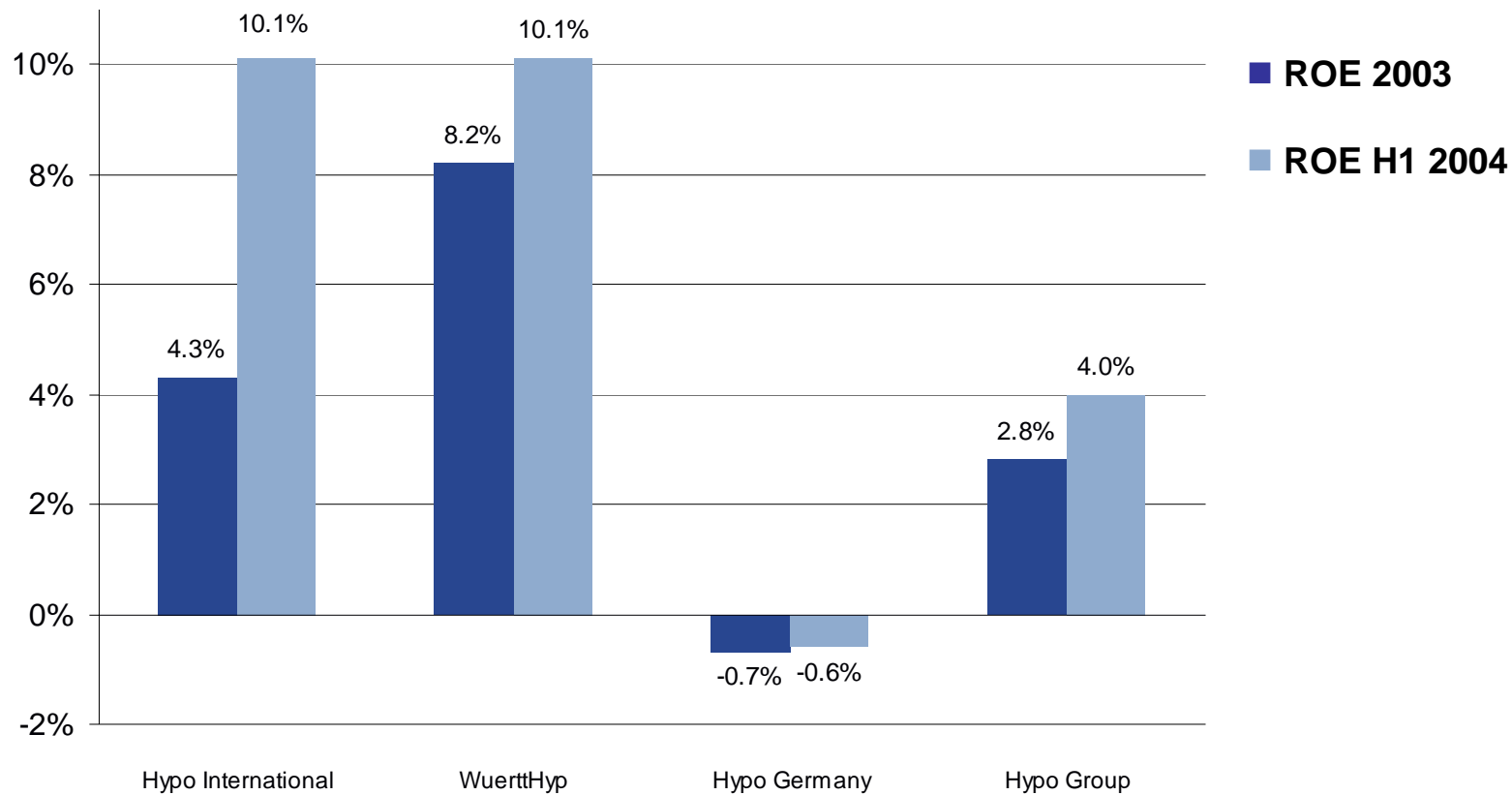
■ "Lucky-Buy" Effect WestHyp

- I Substantial increase in profitability
 - Adjusted for the € 35 MM "Lucky-Buy" Effect WestHyp in 2003 the increase in PBT would be even 90 % from 1/2 2003 to H1 2004
- I Risk provisions in-line with planning
- I Return on equity after tax 4.0 %
- I On track to deliver on our targets

Hypo Real Estate Group

Increased profitability across all segments

RETURN ON EQUITY DEVELOPMENT – SPLIT BY DIVISION



Hypo Real Estate Group

Total operating income up 8.1 %

KEY FINANCIALS (IFRS)

(€MM)	H1 2004	½ 2003 ⁽¹⁾	Change (%)
Net interest income	346	337	+ 2.7
Provisions for losses on loans and advances ⁽²⁾	(146)	(126)	+ 15.9
Net commission income	49	22	> + 100
Total operating income	399	369	+ 8.1
General administrative expenses	(149)	(130)	+ 14.6
Operating result	104	113	- 8.0
Net income from investments	15	0	> + 100
Result of ordinary activities/net income or loss before taxes	114	78	+ 46.2
Net income/loss	84	58	+ 44.8

- I Net interest income stable (increase in Hypo International has offset the decrease in Hypo Germany due to portfolio reduction and missing € 17 MM pro-rata dividend of FGH Bank included in ½ 2003)
- I Loan loss provisions include proportional risk shelter of € 65 MM (½ 2003: € 230 MM)
- I Higher net commission income resulting from Hypo International
- I General administrative expenses increased due to establishing and expanding the international business
- I Net income from investments nearly unchanged, given that previous year includes the pro-rata write-off of € 17 MM on the FGH-sale

| 5 | Notes

1. Pro-rata financial data based on the audited annual report of Hypo Real Estate Group for fiscal year 2003
2. Including pro-rata risk shelter of € 65 MM (€ 230 MM for ½ 2003) from HVB AG

Hypo Real Estate Group

Return on equity of 4.0 % at the high end of our target range for 2004

KEY FINANCIALS (IFRS)		
	30.06.2004	31.12.2003 ⁽¹⁾
Total assets (€ Bn) ⁽²⁾	148	153
Tier 1 (€ MM) ⁽³⁾	4,103	4,122
Total loans (€ Bn) ⁽²⁾	106	114
RWA (€ Bn) ⁽³⁾	52	54
CIR (%)	37.3	35.2
LLP in bp of total loans ⁽⁴⁾	40	63
ROE after taxes (%)	4.0	2.8

- | Total assets reduction caused by the fast restructuring in Hypo Germany
- | CIR up due to decreased operating income from downsizing of the portfolio at Hypo Germany and in-line with planning
- | ROE of 4.0 % despite non-existing profit contribution by Hypo Germany

| 6 | Notes

1. Financial data based on the audited annual report of Hypo Real Estate Group for fiscal year 2003
2. Including accrued interests according to IFRS
3. According to BIS
4. Annualised; excluding pro-rata risk shelter of € 65 MM (€230 MM for ½ 2003) from HVB AG

Hypo Real Estate Bank International

Profit more than doubled

KEY FINANCIALS (IFRS)			
(€MM)	H1 2004	½ 2003 ⁽¹⁾	Change (%)
Net interest income	111	69	+ 60.9
Provisions for losses on loans and advances	(27)	(19)	+ 42.1
Net commission income	62	27	> + 100
General administrative expenses	(58)	(32)	+ 81.3
Operating result	91	46	+ 97.8
Net income from investments	3	(2)	-
Result of ordinary activities/net income or loss before taxes	94	44	> + 100
Net income/loss	72	29	> + 100

- | Net interest income increased substantially due to the contribution of the US Portfolio and the new business
- | Risk provisioning consists only of non specific loan loss provisions
- | Higher commission income reflects the nature of the international business model
- | General Administrative expenses increased due to further establishing and expanding the international business
- | Net income more than doubled compared to previous year

| 7 | **Note**

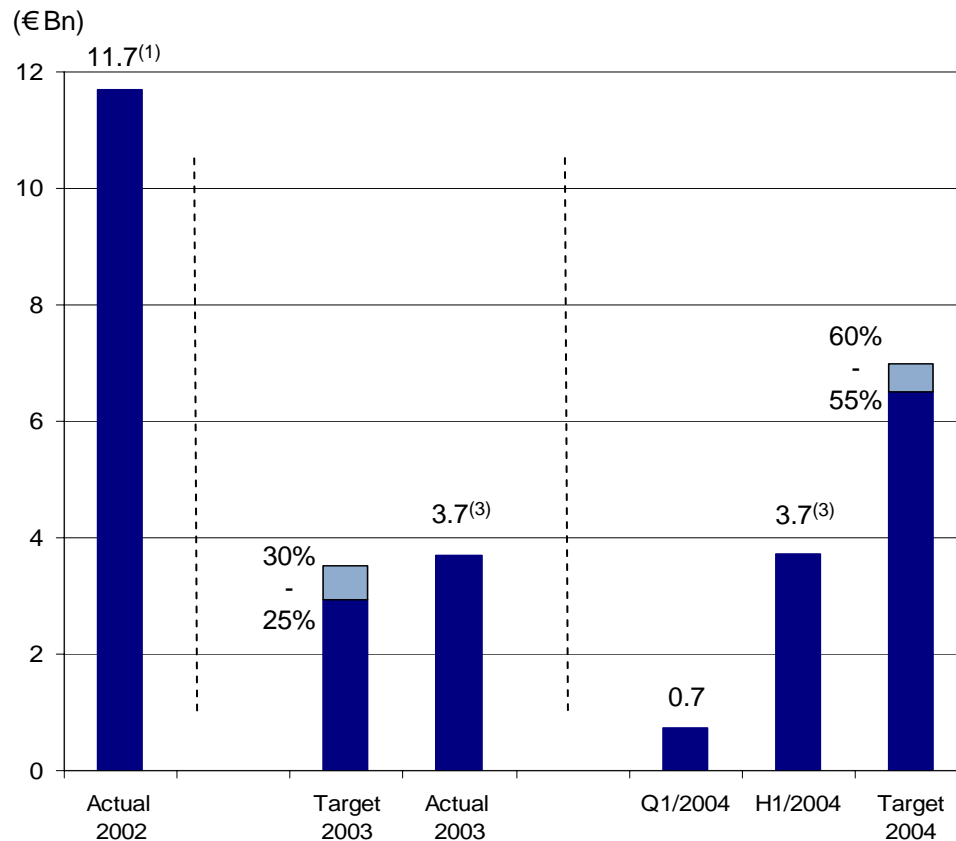
1. Pro-rata financial data based on the audited annual report of Hypo Real Estate Group for fiscal year 2003

Hypo Real Estate Bank International

New business well in line with the full-year plan

HVB International Real Estate

Hypo International



- | New business volumes are in line with the full year plan
- | Competitive market in the UK but active markets in the US, France, Italy, Spain and Scandinavia
- | Opening of our subsidiary in Japan and planned opening of a subsidiary in the Netherlands will increase diversification
- | ROE on new business approximately 14 %
- | So far we have used the MTN-Program to the extent of € 1.4 Bn

| 8 | **Notes**

1. New business p.a. before syndication, amortization and securitization
2. As % of 2002 volume
3. Excluding PBI's new business

KEY FINANCIALS (IFRS)			
(€MM)	H1 2004	½ 2003 ⁽¹⁾	Change (%)
Net interest income	54	55	- 1.8
Provisions for losses on loans and advances	(9)	(12)	- 25.0
Net commission income	(5)	(2)	> - 100
General administrative expenses	(15)	(16)	- 6.3
Operating result	25	24	+ 4.2
Net income from investments	7	3	> + 100
Result of ordinary activities/net income or loss before taxes	32	27	+ 18.5
Net income/loss	32	26	+ 23.1

- I Pre-tax profit up 18.5 %, by year end it is expected to meet the target range of € 55-60 MM
- I Due to the Profit and Loss Transfer Agreement with Hypo Real Estate Holding AG, there are no income taxes paid on the segment level

Hypo Real Estate Bank in Germany

Pre-tax result improved despite lower risk shelter

KEY FINANCIALS (IFRS)			
(€MM)	H1 2004	½ 2003 ⁽¹⁾	Change (%)
Net interest income	182	210	- 13.3
Provisions for losses on loans and advances ⁽²⁾	(110)	(95)	+ 15.8
Net commission income	(8)	(3)	> - 100
General administrative expenses	(67)	(76)	- 11.8
Balance of other operating income/expenses	1	11	> - 100
Operating result	(2)	47	> - 100
Net income from investments	6	(1)	-
Restructuring expenses	(5)	(43)	- 88.4
Result of ordinary activities/net income or loss before taxes	(1)	(6)	+ 83.3
Net income/loss	(7)	(8)	+ 12.5

- | Net interest income is lower due to the reduced portfolio. Furthermore, last year's number includes a € 17 MM FGH dividend
- | Loan loss provisions shown after the utilization of € 65 MM risk shelter from HVB resulting in a gross reduction of € 150 MM
- | General administrative expenses have been reduced due to restructuring

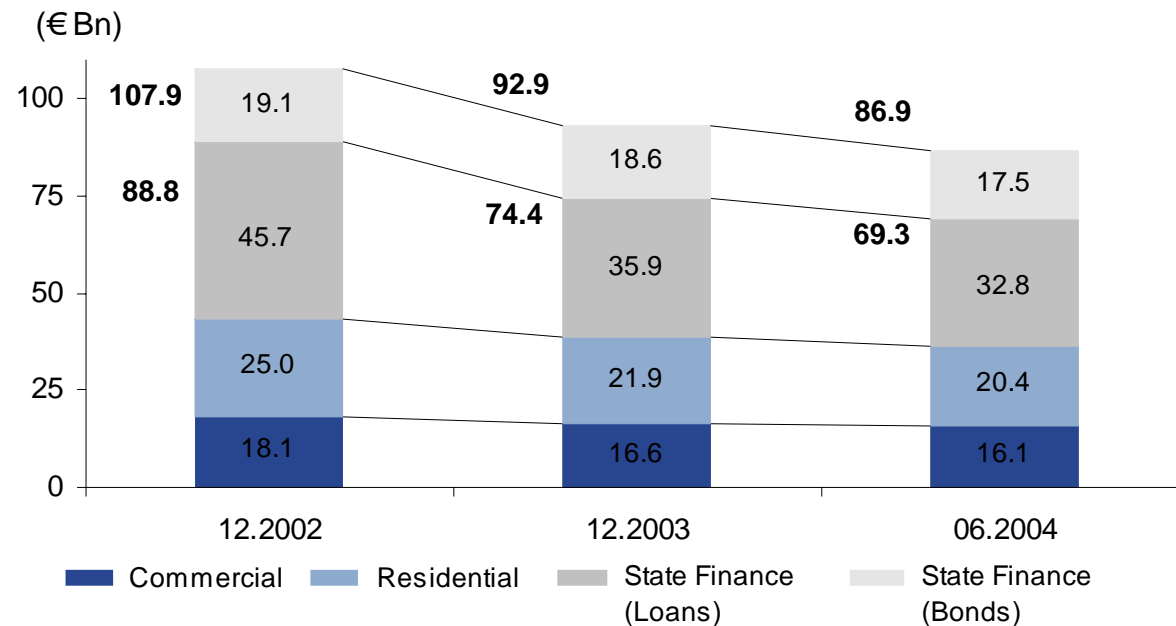
| 10 | Notes

1. Pro-rata financial data based on the audited annual report of Hypo Real Estate Group for fiscal year 2003
2. Including pro-rata risk shelter of € 65 MM (€ 230 MM for ½ 2003) from HVB AG

Hypo Real Estate Bank in Germany

Still well on track downsizing the low margin portfolio parts

PORTFOLIO DEVELOPMENT 12/2002 – 06/2004^(1,2)



- | Further portfolio reduction by € 6 Bn in H1 2004 thereof roughly € 1 Bn in State Finance Bonds
- | Total reduction of € 21 Bn since start of the restructuring (18 months ago)
- | Workout volume (€ 3.65 Bn) relatively stable

| 11 | **Notes**

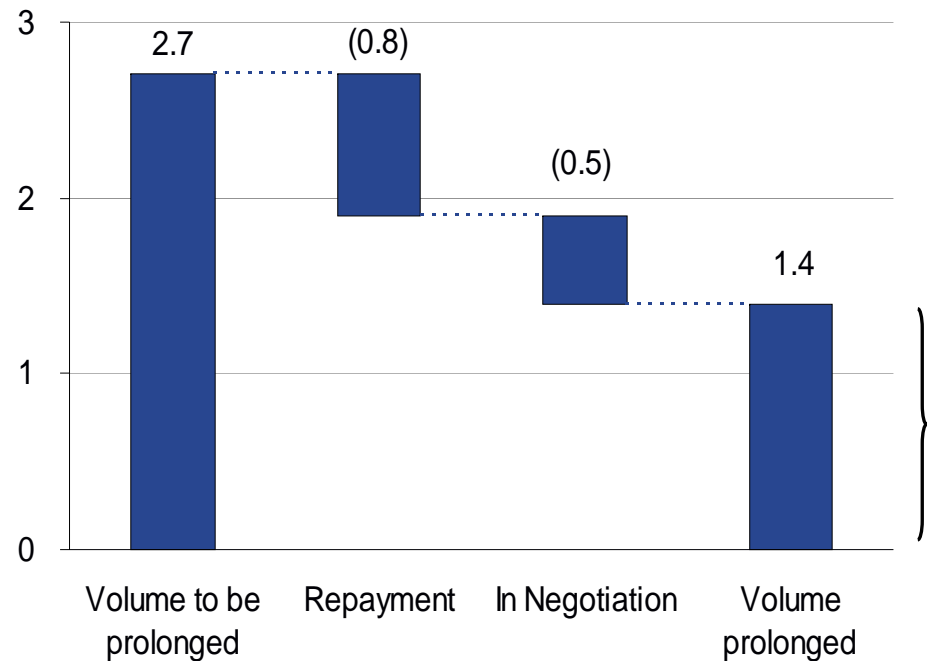
1. Based on loans outstanding
2. Internal, unaudited figures as of 06/2004

Hypo Real Estate Bank in Germany

German conditions better than originally planned

REAL ESTATE PROLONGATIONS JAN - JUN 2004

(€Bn)



50% @ above
160 bp (avg.)

I Prolongation strategy has been continued successfully:

- Prolongation rate of 50 % in H1 (vs. plan of 65 %)
- Net margin of more than 160 Bp (vs. plan of 125 Bp)

Hypo Real Estate Group

Well on track with the Business Plan for 2004

KEY FIGURES			
(€MM)	Target 2004	Target H1/04	H1/04
Total Operating Income	≈ 790-805	≈ 395-403	399
Risk Provisions	≈ (285)-(275)	≈ (143)-(138)	(146)
General Administrative Expenses	≈ (310)-(300)	≈ (155)-(150)	(149)
Profit before tax	≈ 205-225	≈ 103-113	114
ROE after tax	≈ 3.5%-4.0%	≈ 3.5%-4.0%	4.0%
Hypo International – Profit before tax	≈ 175-185	≈ 88-93	94
WuerttHyp – Profit before tax	≈ 55-60	≈ 28-30	32
Hypo Germany – Profit before tax	≈ (5)-0	≈ (3)-0	(1)



Profits and ROE in H1 are in-line with the full-year targets

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Back-up

Hypo Real Estate Group

Quarter by quarter in 2004

KEY FINANCIALS (IFRS)		
(€MM)	Q1 2004	Q2 2004
Net interest income	166	180
Provisions for losses on loans and advances ⁽¹⁾	(71)	(75)
Net commission income	24	25
Total operating income	191	208
General administrative expenses	(72)	(77)
Operating result	48	56
Net income from investments	11	4
Result of ordinary activities/net income or loss before taxes	55	59
Net income/loss	41	43

Hypo Real Estate International

Quarter by quarter in 2004

KEY FINANCIALS (IFRS)		
(€MM)	Q1 2004	Q2 2004
Net interest income	50	61
Provisions for losses on loans and advances	11	16
Net commission income	32	30
Total operating income	83	93
General administrative expenses	26	32
Operating result	46	45
Net income from investments	-	3
Result of ordinary activities/net income or loss before taxes	46	48
Net income/loss	33	39

WuerttHyp

Quarter by quarter in 2004

KEY FINANCIALS (IFRS)		
(€MM)	Q1 2004	Q2 2004
Net interest income	26	28
Provisions for losses on loans and advances	5	4
Net commission income	-4	-1
Total operating income	22	27
General administrative expenses	8	7
Operating result	9	16
Net income from investments	7	-
Result of ordinary activities/net income or loss before taxes	16	16
Net income/loss	16	16

Hypo Real Estate Bank in Germany

Quarter by quarter in 2004

KEY FINANCIALS (IFRS)		
(€MM)	Q1 2004	Q2 2004
Net interest income	91	91
Provisions for losses on loans and advances ⁽¹⁾	55	55
Net commission income	-4	-4
Total operating income	87	88
General administrative expenses	33	34
Operating result	-1	-1
Net income from investments	4	2
Result of ordinary activities/net income or loss before taxes	-1	0
Net income/loss	-1	-6