

**Hypo Real Estate Holding AG: Dividend increase of 50% and strategic expansion of the Management Board**

**Munich, 29 January 2007** – The Management Board and Supervisory Board of Hypo Real Estate Holding AG intend to propose a dividend of EUR 1.50 per share for financial 2006 to the Annual General Meeting to be held on 23 May 2007. This is equivalent to a 50% increase in the dividend (previous year: EUR 1.00 per share).

The dividend proposal is based on the success achieved in financial 2006. Consolidated net income before taxes (EBT) amounted to EUR 571 million in 2006 on the basis of preliminary unaudited figures (previous year figure: EUR 443 million). Both figures include a positive effect attributable to a change in the accounting policy for measuring allowances for losses on loans and advances (EUR 30 million compared with EUR 35 million in the previous year) and a negative effect attributable to restructuring expenses (EUR 17 million compared with EUR 34 million). Adjusted by these two factors, consolidated net income before taxes amounted to EUR 558 million, and was thus within the announced target range of EUR 550 to 560 million (adjusted previous year figure: EUR 442 million).

The Supervisory Board has today appointed three new deputy members to the Management Board of Hypo Real Estate Holding AG with effect from 1 February 2007: Ms. Bettina von Oesterreich, Dr. Robert Grassinger and Mr. Tom Glynn. Ms. Bettina von Oesterreich, Chief Risk Officer of Hypo Real Estate Bank International AG, will assume the function of Group CRO from Mr. Frank Lamby, who in future will be responsible for world-wide new business in real estate financing. In addition, Mr. Lamby will leave the Management Board of Hypo Real Estate Bank AG and become the board spokesman at Hypo Real Estate Bank International AG. Dr. Robert Grassinger, at present still serving on the Management Board of Hypo Real Estate Bank International AG, will in future be responsible at the Holding for group-wide funding and interest scheduling on the bank book. At the same time, he will step down from the Management Board of Hypo Real Estate Bank International AG and will take over the position of board spokesman at Hypo Real Estate Bank AG from Mr. Lamby. Mr. Tom Glynn, member of the Management Board of Hypo Public Finance Bank, will assume additional responsibility for asset management at the Holding. Dr. Paul Eisele will step down from the Management Board of the Holding on 31 May 2007. After celebrating his 60<sup>th</sup> birthday, Dr.

Eisele has expressed a wish to retire from active service. The Supervisory Board has acceded to this wish.

The expansion of the Management Board is related to the strategic further development of the Hypo Real Estate Group in order to attain the figure of more than 13% for return on equity after taxes forecast for 2009. The new board structure will facilitate the expansion of the new business base to include additional asset classes, the reorganisation of the segments, the extension of the value chain by strengthening asset management and securitisation and the establishment of a group-wide active portfolio management for the existing portfolio.