Analyst Conference 2006

14th March, 2007

Hypo Real Estate GROUP

“Creating an Asset Finance House focusing on Real Estate”

Participation details

- Wednesday, 14th March 2007 at 2.00 p.m. (CET)

- You can listen to the conference via telephone (listen-only line). The dial-in numbers are as follows:

  + 49 (0) 69 2222 2246
  + 44 (0) 20 7138 0835
  + 1 718 354 1172

- Internet audio broadcast:

  http://www.tv1.de/irplayer/cms/_v/hyporealestate/bpk2007

Content

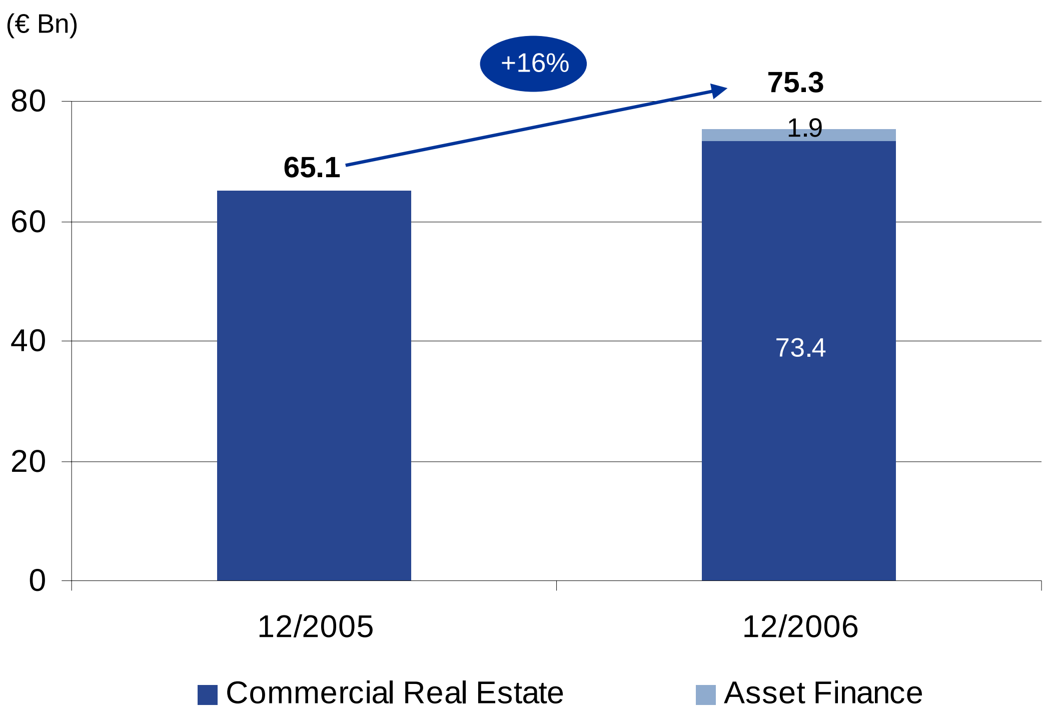
Highlights 2006: Improved profitability, high asset quality and strengthened origination power

- Group's gross new lending business origination[1] was € 34 Bn
- Diversification into related asset classes contributed € 2 Bn
- Net loan portfolio[2] growth of more than € 10 Bn
- Net income[3,4] up 28% to € 429 MM (2005: € 334 MM)
- ROE after taxes[3,4] at 9.9% (2005: 8.1%); profitability improved in all operating business segments
- Strong asset quality with an average expected loss of 27 Bp only and an increased degree of portfolio diversification
- Strengthened origination power through new organisational set-up to benefit from the positive market trend

Notes:
1. New commercial real estate and asset finance business, including AHBR portfolio acquisition and loans originated for syndication and securitisation
2. Commercial real estate and asset finance portfolio
3. Excluding the effects from capitalised losses carried forward and income of capitalised corporate income tax claims
4. Including the effects from change of accounting treatment for impairment measurement according to IFRS

Strong loan portfolio growth

LOAN PORTFOLIO(1,2,3) DEVELOPMENT
12/2005 vs. 12/2006

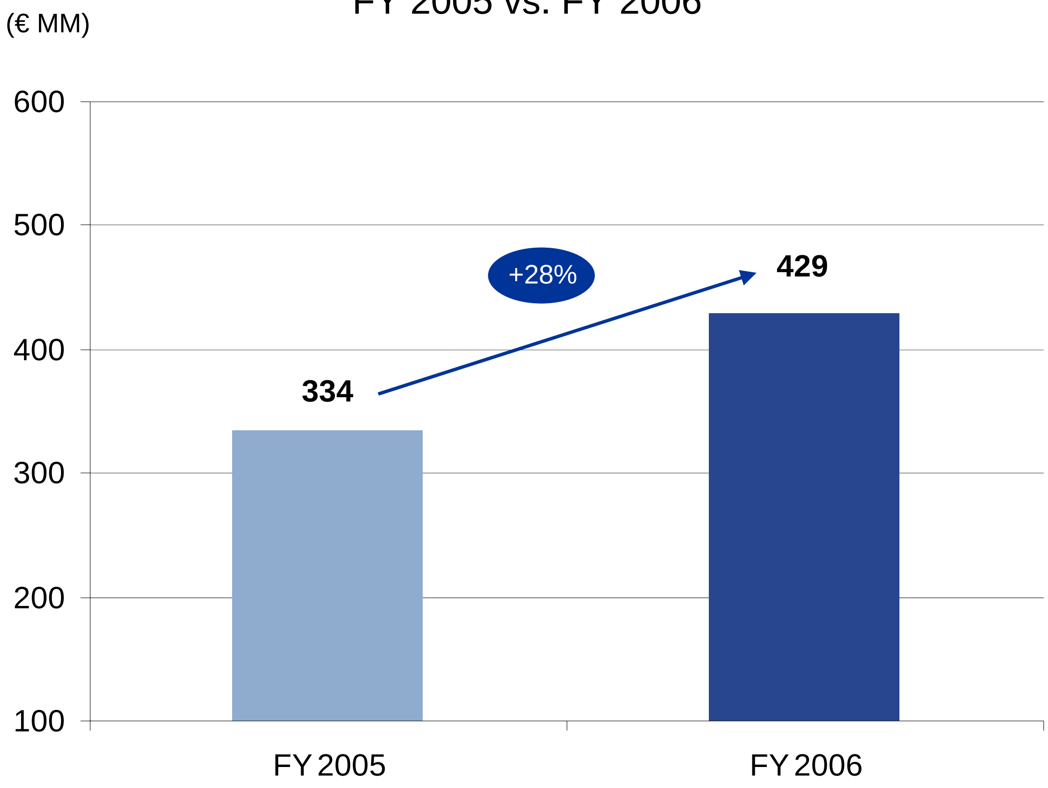


- Loan portfolio growth of € 10.2 Bn resulted in a total loan portfolio of € 75.3 Bn
  - € 73.4 real estate loan portfolio (97%)
  - € 1.9 asset finance loan portfolio (3%)
- Contribution from asset finance (infrastructure/asset-based finance) starts to increase
- Significant further growth of asset finance envisaged

Notes:
1. Internal, unaudited figures
2. Excluding public sector finance
3. Based on commitments

Net income up 28% in 2006

NET INCOME[1,2] DEVELOPMENT
FY 2005 vs. FY 2006



- Net income up 28% to € 429 MM (2005: € 334 MM), excluding following effects:
  - € 51 MM income from capitalised losses carried forward
  - € 62 MM income of capitalised corporate income tax claims
- Including the tax effects, net income attributable to equity holders was € 542 MM

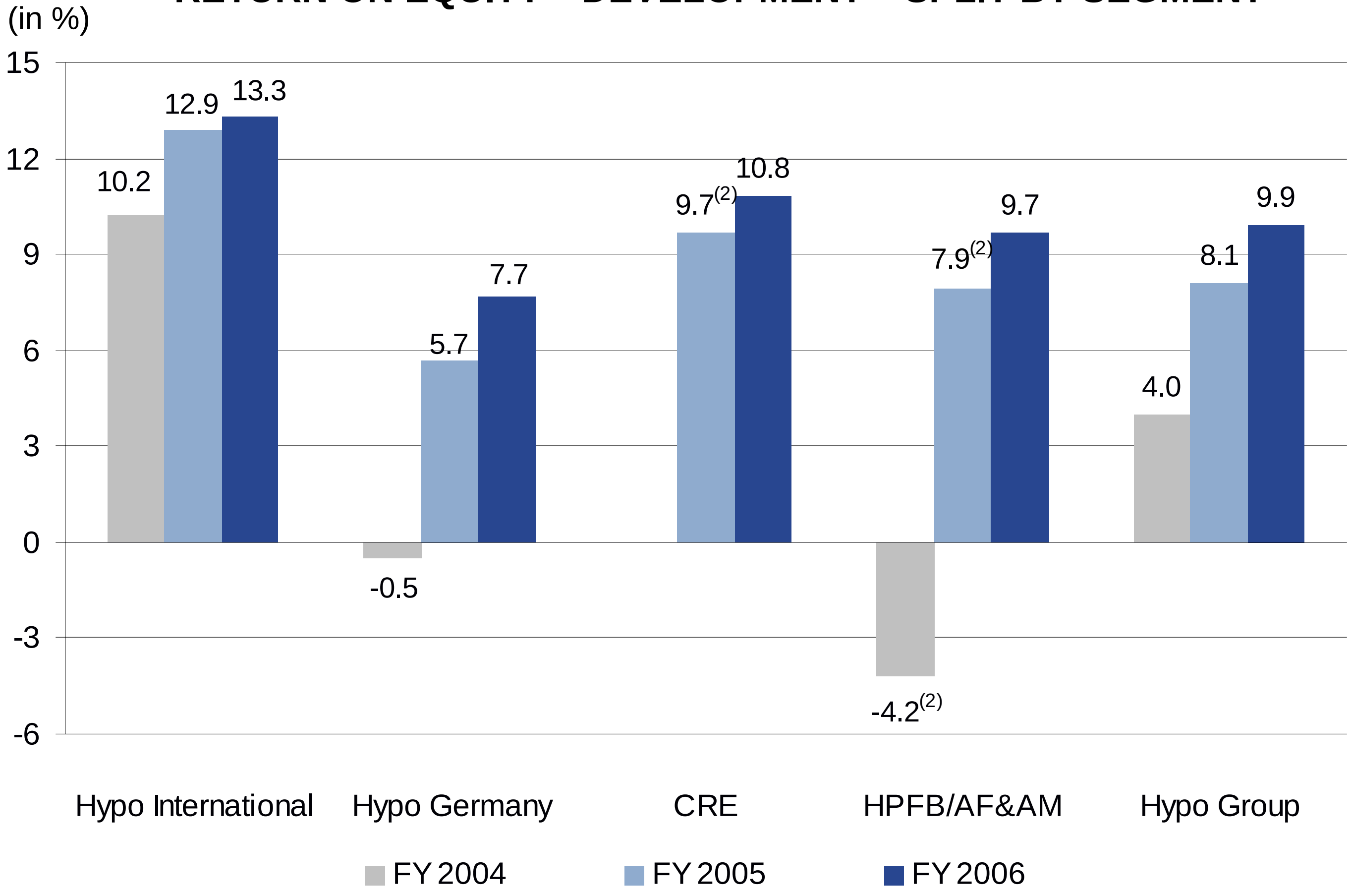
Notes:
1. Excluding the effects from capitalised losses carried forward and income of capitalised corporate income tax claims
2. Including the effects from change of accounting treatment for impairment measurement according to IFRS

Hypo Real Estate GROUP

Hypo Real Estate Group

Profitability improvement to 9.9% ROE, exceeding target of >9%

RETURN ON EQUITY[(1)] DEVELOPMENT – SPLIT BY SEGMENT



Notes:
1. After taxes; excluding the effects from capitalised losses carried forward and income of capitalised corporate income tax claims
2. Based on allocated capital

Hypo Real Estate GROUP

Low risk profile due to high asset quality

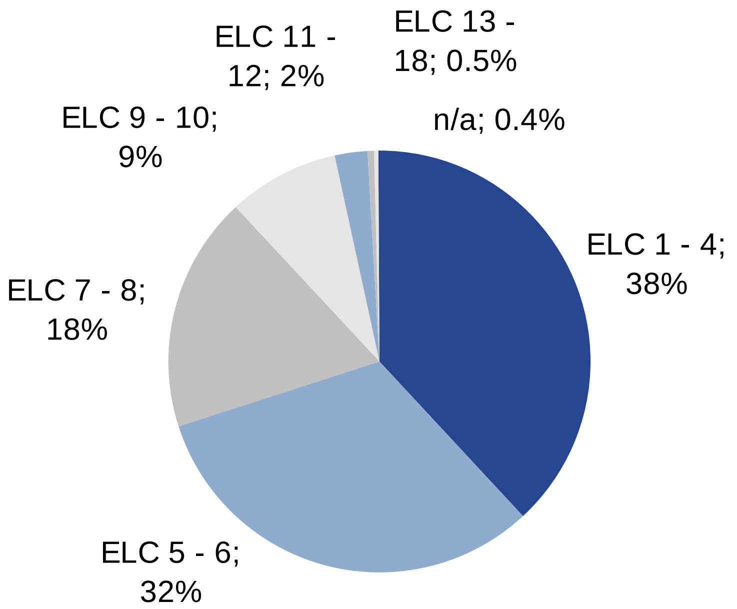
- An improved Loan To Value (LTV) ratio average of 64% implies a significant risk buffer of 36% customers' equity
- Interest Service Coverage (ISC) ratio further up to 232%, implying that rents could reduce more than half or interest rates could more than double without affecting the average loan
- Strong asset quality with a low expected loss (EL) reflects high risk awareness in new business writing
- High coverage ratio of 89%(1) on Group level, including portfolio-based provisions of € 212 MM
- Risk reduction through an increasing degree of portfolio diversification, short duration and strict risk management (ongoing covenant checks and strict monitoring of each transaction)
- Risk profile of new business underwritten in 2006 was even more conservative, including higher proportion of senior lending

With its risk philosophy focusing on credit risk (primary risk) and reducing secondary risks (interest rate, currency, etc.) HRX has an excellent risk profile

Note:
1. Total allowances for losses on loans and advances / non-performing loans: € 953 MM / € 1,067 MM

Remaining high quality of the loan portfolio

EXPECTED LOSS CLASSES
Loan Exposure at Default
Hypo Group 12/2006(1,2,3)



100% = € 63.4 Bn

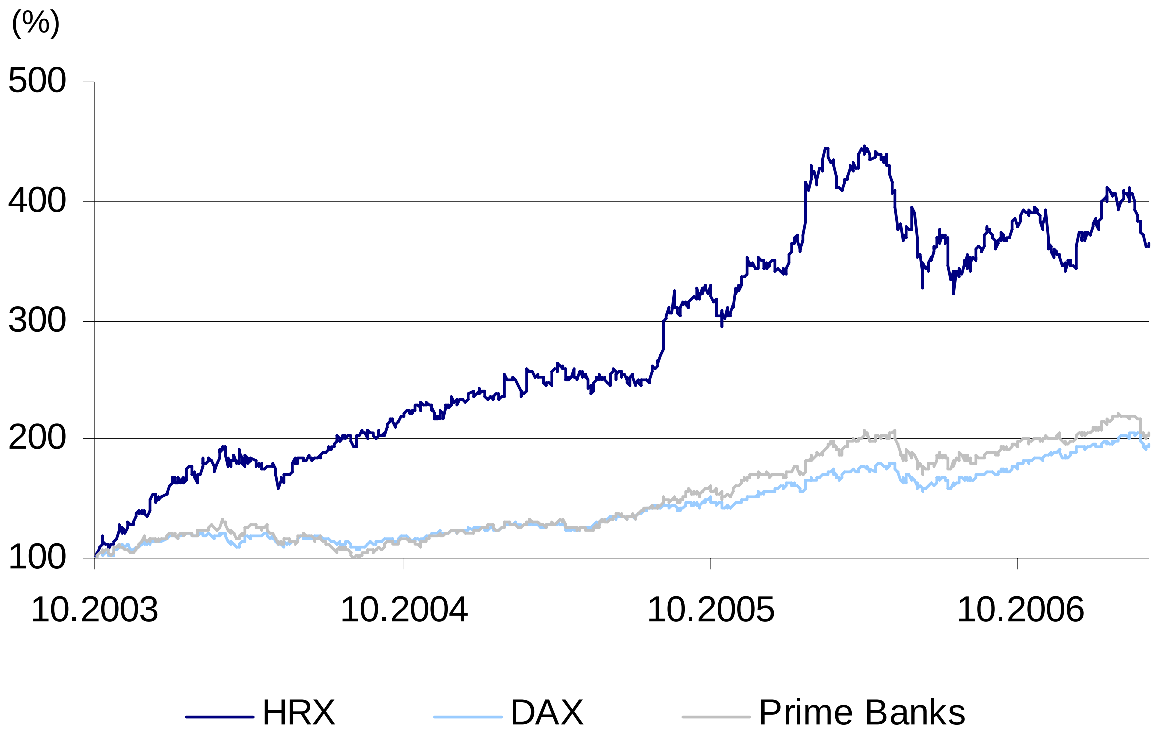
- Average EL of Hypo Group at approx. € 172 MM (27 Bp) showing the high quality of the loan portfolio

EL classes	1 - 4	5 - 6	7 - 8	9 - 10	11-12	13-18
from (in Bp)	0	5	20	55	160	>400
to (in Bp)	5	20	55	160	400	

Notes:
1. Commercial real estate and asset finance
2. Internal, unaudited figures
3. Based on outstandings

Hypo Real Estate GROUP

Strong progress in all areas allows for a dividend increase of 50%



- Proposed dividend per share of € 1.50[1] for 2006 represents an increase of 50% and equals a payout ratio[2] of 46.9% (2005: € 1.00 / 40.1%)
- Share price performance in 2006 +8.6%, total shareholder return including proposed dividend +12.0%

Notes:
1. Subject to the approval of the Supervisory Board and the Annual General Meeting
2. Excluding the effects from capitalised losses carried forward and income of capitalised corporate income tax claims

FY 2006 – strengthening operating income

KEY FINANCIALS (IFRS)			
(€ MM)	**FY 2006**	**FY 2005**	**Change (%)**
Total operating revenues	**1,082**	**946**	**+14.4**
Net interest income	811	722	+12.3
Net commission income	145	125	+16.0
Net trading income	38	27	+40.7
Net income from investments	86	67	+28.4
Balance of other operating income/expenses	2	5	-60.0
Provisions for losses on loans and advances	159	151	+5.3
General administrative expenses	335	317	+5.7
Balance of other income/expenses	0	-1	+100.0
Net income/loss before taxes (excluding restructuring expenses)	**588**	**477**	**+23.3**
Restructuring expenses	17	34	-50.0
Net income/loss before taxes (including restructuring expenses)	**571**	**443**	**+28.9**
Taxes on income(1)	142	109	+30.3
Net income/loss(1)	**429**	**334**	**+28.4**

- Total operating revenues up 14% vs. FY 2005, driven by strong increase in all main operating income lines
- Net interest income higher (+12%) due to international portfolio growth, HPFB and improvement of average margin in Hypo Germany
- Net commission income (+16%) especially boosted by fees earned by HPFB
- Loan-loss provisions only slightly higher, despite strong portfolio growth; only portfolio-based risk provisioning at Hypo International
- General administrative expenses 6% higher as international expansion more than offsets cost savings at Hypo Germany

Note:
1. Excluding the effects from capitalised losses carried forward and income of capitalised corporate income tax claims

Hypo Real Estate Group

Quarterly development

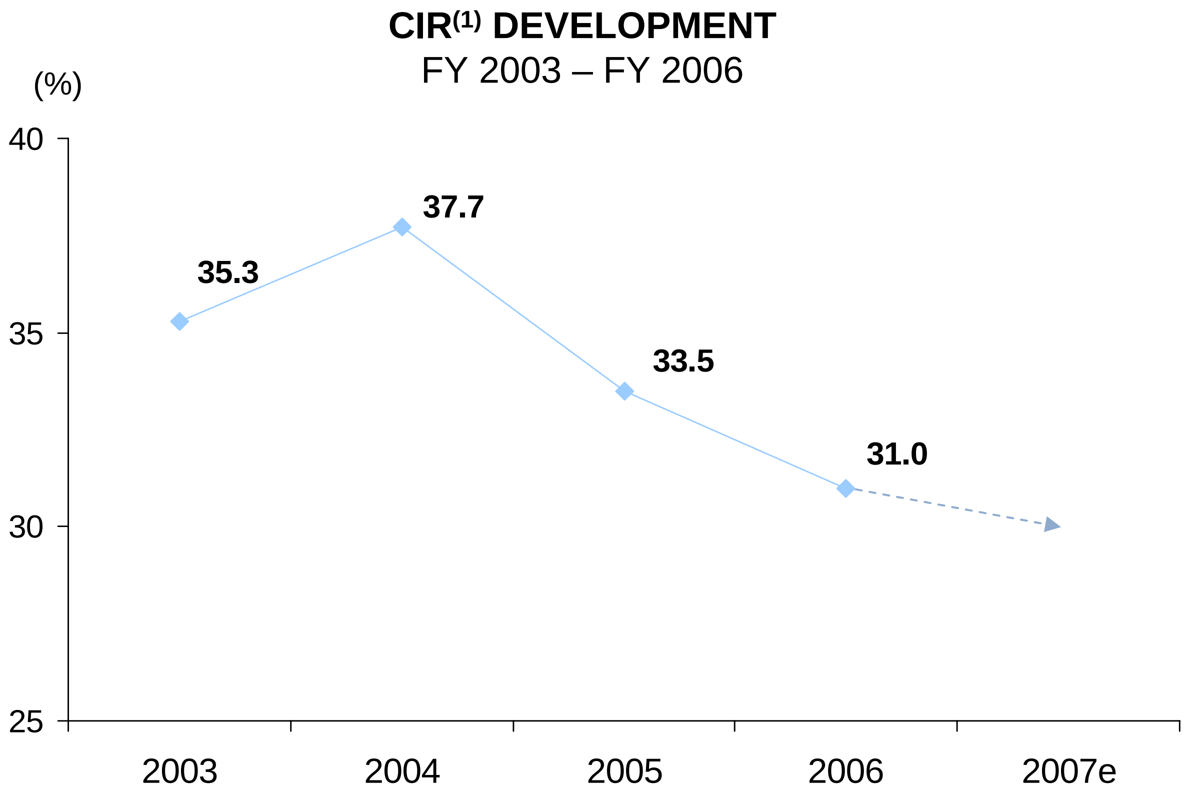
(€ MM)	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006
Total operating revenues	**250**	**264**	**266**	**270**	**282**
Net interest income	193	197	198	208	208
Net commission income	31	34	35	33	43
Net trading income	1	11	6	14	7
Net income from investments	28	20	26	14	26
Balance of other operating income/expenses	-3	2	1	1	-2
Provisions for losses on loans and advances	38	43	44	36	36
General administrative expenses	89	80	79	86	90
Balance of other income/expenses	0	0	0	0	0
Net income/loss before taxes (excluding restructuring expenses)	**123**	**141**	**143**	**148**	**156**
Restructuring expenses	34	0	0	0	17
Net income/loss before taxes (including restructuring expenses)	**89**	**141**	**143**	**148**	**139**
Taxes on income(1)	14	37	38	39	28
Net income/loss(1)	**75**	**104**	**105**	**109**	**111**
New real estate business(2) (€ Bn)	8.0	5.2	6.2	6.1	9.1
Total real estate portfolio(2) (€ Bn)	65.1	66.1	68.5	71.9	73.4
Risk assets compliant with BIS rules (€ Bn)	56.3	58.1	59.8	64.9	66.4
Core capital ratio compliant with BIS rules (%)	7.8(3)	7.6	7.4	6.9	7.0(3)
Employees	1,233	1,176	1,172	1,206	1,229

- Steady upward trend in operating revenues in 2006
- Net interest income on high level in Q3 and Q4; 8% higher than in Q4 2005
- Net commission income very high in Q4, reflecting strong new business
- Loan-loss provisions down in Q3 and Q4 due to limitations in portfolio-based risk provisioning
- General administrative expenses higher in Q3 and Q4, resulting from international expansion and bonus accruals in Q4
- Tier I ratio at 7.0%, including AHBR portfolio

Notes:
1. Excluding the effects from capitalised losses carried forward and income of capitalised corporate income tax claims
2. Internal unaudited figures; based on commitments after syndication and planned securitisation
3. As per approved annual financial statements and after profit distribution

Hypo Real Estate GROUP

High cost efficiency through streamlined organisation



Further improved CIR of 31.0% reflects the high efficiency level reached, both internationally and in Germany

Note:
1. Based on operating revenues

Commercial Real Estate

Hypo Real Estate Bank International
Strong profit increase due to portfolio growth

KEY FINANCIALS (IFRS)			
(€ MM)	**FY 2006**	**FY 2005**	**Change (%)**
Total operating revenues	**639**	**532**	**+20.1**
Net interest income	464	384	+20.8
Net commission income	125	123	+1.6
Net trading income	0	1	-100.0
Net income from investments	48	25	+92.0
Balance of other operating income/expenses	2	-1	>+100.0
Provisions for losses on loans and advances	43	29	+48.3
General administrative expenses	173	156	+10.9
Balance of other income/expenses	0	-1	+100.0
Net income/loss before taxes	**423**	**346**	**+22.3**
Taxes on income[(1)]	106	59	+79.7
Net income/loss[(1)]	**317**	**287**	**+10.5**

- Net interest income up 21% vs. FY 2005, driven by portfolio growth
- Net commission income only slightly up due to higher proportion of senior lending in new business
- Higher portfolio-based risk-provisioning due to net portfolio growth of € 7.8 Bn
- General administrative expenses higher due to international expansion (investments in Asia and set-up of securitization platforms)

Note:
1. Excluding the income from capitalised losses carried forward and income of capitalised corporate income tax claims

Hypo Real Estate Bank International

Quarterly development

(€ MM)	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006
Total operating revenues	**145**	**157**	**155**	**155**	**172**
Net interest income	101	114	112	120	118
Net commission income	36	31	28	27	39
Net trading income	-2	0	0	0	0
Net income from investments	12	11	15	7	15
Balance of other operating income/expenses	-2	1	0	1	0
Provisions for losses on loans and advances	7	14	14	7	8
General administrative expenses	44	41	40	44	48
Balance of other income/expenses	0	0	0	0	0
Net income/loss before taxes	**94**	**102**	**101**	**104**	**116**
Taxes on income(1)	1	26	24	27	29
Net income/loss(1)	**93**	**76**	**77**	**77**	**87**

New real estate business(2) (€ Bn)	6.2	3.8	4.7	4.4	7.1
Total real estate business(2) (€ Bn)	31.2	32.6	35.0	38.3	39.0
Risk assets compliant with BIS rules (€ Bn)	31.6	31.4	32.5	35.6	35.7
Core capital ratio compliant with BIS rules (%)	7.5(3)	7.7	7.4	6.7	6.4(4)
Employees	474	455	466	494	503

- Net interest income slightly lower in Q4 2006 due to transfer of securitisation warehouse to HPFB
- Net commission income very high in Q4, reflecting strong new business
- Loan-loss provisions down in Q3 and Q4 due to limitation in portfolio-based risk provisioning

Notes:
1. Excluding the effects from capitalised losses carried forward and income of capitalised corporate income tax claims
2. Internal unaudited figures; based on commitments after syndication and planned securitisation
3. Based on allocated capital
4. As per approved annual financial statements

Hypo Real Estate GROUP

Hypo Real Estate Bank Germany
Increasing contribution to the Group’s profits

KEY FINANCIALS (IFRS)			
(€ MM)	**FY 2006**	**FY 2005**	**Change (%)**
Total operating revenues	**367**	**359**	**+2.2**
Net interest income	331	320	+3.4
Net commission income	2	-1	>+100.0
Net trading income	0	0	0
Net income from investments	33	39	-15.4
Balance of other operating income/expenses	1	1	0
Provisions for losses on loans and advances	113	122	-7.4
General administrative expenses	85	98	-13.3
Balance of other income/expenses	0	0	0
Net income/loss before taxes	**169**	**139**	**+21.6**
Taxes on income(1)	25	38	-34.2
Net income/loss(1)	**144**	**101**	**+42.6**

- Net interest and commission income up vs. FY 2005, reflecting the improvement of the average interest margin and strong new business
- Loan-loss provisions down due to improved asset quality
- Strong reduction in general administrative expenses as a result of restructuring

Note:
1. Excluding the effects from capitalised losses carried forward and income of capitalised corporate income tax claims

Hypo Real Estate GROUP

Hypo Real Estate Bank Germany
Quarterly development

(€ MM)	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006
Total operating revenues	**92**	**90**	**87**	**95**	**95**
Net interest income	85	81	82	85	83
Net commission income	-3	1	-1	2	0
Net trading income	0	0	0	0	0
Net income from investments	13	8	7	7	11
Balance of other operating income/expenses	-3	0	-1	1	1
Provisions for losses on loans and advances	31	29	29	29	26
General administrative expenses	25	21	20	22	22
Balance of other income/expenses	0	0	0	0	0
Net income/loss before taxes	**36**	**40**	**38**	**44**	**47**
Taxes on income(1)	10	9	10	10	-4
Net income/loss(1)	**26**	**31**	**28**	**34**	**51**

New real estate business(2) (€ Bn)	1.8	1.4	1.5	1.7	2.0
Total real estate portfolio(2) (€ Bn)	33.9	33.5	33.5	33.6	34.4
Risk assets compliant with BIS rules (€ Bn)	24.0	25.5	25.8	26.9	27.3
Core capital ratio compliant with BIS rules (%)	7.7(3)	7.2	7.1	6.8	6.7(3)
Employees	520	483	475	480	477

- Total operating revenues flat in Q4 2006, reflecting slightly lower net interest income caused by lower prepayment fees vs. Q3
- Loan-loss provisions tending slightly down due to improved German real estate market
- General administrative expenses stable in Q4

Notes:
1. Excluding the effects from capitalised losses carried forward and income of capitalised corporate income tax claims
2. Internal unaudited figures; based on commitments after syndication and planned securitisation
3. As per approved annual financial statements

Commercial Real Estate

Pro-forma figures – net income increased by 19%

KEY FINANCIALS (IFRS)			
(€ MM)	**FY 2006**	**FY 2005**	**Change (%)**
Total operating revenues	**1,006**	**891**	**+12.9**
Net interest income	795	704	+12.9
Net commission income	127	122	+4.1
Net trading income	0	1	-100.0
Net income from investments	81	64	+26.6
Balance of other operating income/expenses	3	0	>+100.0
Provisions for losses on loans and advances	156	151	+3.3
General administrative expenses	258	254	+1.6
Balance of other income/expenses	0	-1	+100.0
Net income/loss before taxes	**592**	**485**	**+22.1**
Taxes on income[1]	131	97	+35.1
Net income/loss[1]	**461**	**388**	**+18.8**

ROE after taxes[1] (%)	**10.8**	**9.7** [2]	
Cost-income ratio (%)	**25.6**	**28.5**	

- 13% increase in total operating revenues mainly driven by international portfolio growth and average margin improvement in Germany
- Loan-loss provisions slightly up due to international portfolio growth
- General administrative expenses almost flat as international expansion (investments in Asia and set-up of securitization platforms) offsets cost savings at Hypo Germany
- CIR further improved due to higher operating revenues and only moderately increased general administrative expenses

Notes:
1. Excluding the effects from capitalised losses carried forward and income of capitalised corporate income tax claims
2. Based on allocated capital

Hypo Real Estate GROUP

Commercial Real Estate
Pro-forma figures – quarterly development

(€ MM)	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006
Total operating revenues	**237**	**247**	**242**	**250**	**267**
Net interest income	186	195	194	205	201
Net commission income	33	32	27	29	39
Net trading income	-2	0	0	0	0
Net income from investments	25	19	22	14	26
Balance of other operating income/expenses	-5	1	-1	2	1
Provisions for losses on loans and advances	38	43	43	36	34
General administrative expenses	69	62	60	66	70
Balance of other income/expenses	0	0	0	0	0
Net income/loss before taxes	**130**	**142**	**139**	**148**	**163**
Taxes on income(1)	11	35	34	37	25
Net income/loss(1)	**119**	**107**	**105**	**111**	**138**

New real estate business(2) (€ Bn)	8.0	5.2	6.2	6.1	9.1
Total real estate portfolio(2) (€ Bn)	65.1	66.1	68.5	71.9	73.4
Risk assets compliant with BIS rules (€ Bn)	55.4	56.1	57.4	61.5	62.1
Core capital ratio compliant with BIS rules (%)	7.6(3)	7.6	7.4	6.9	6.7(4)
Employees	994	983	941	974	980

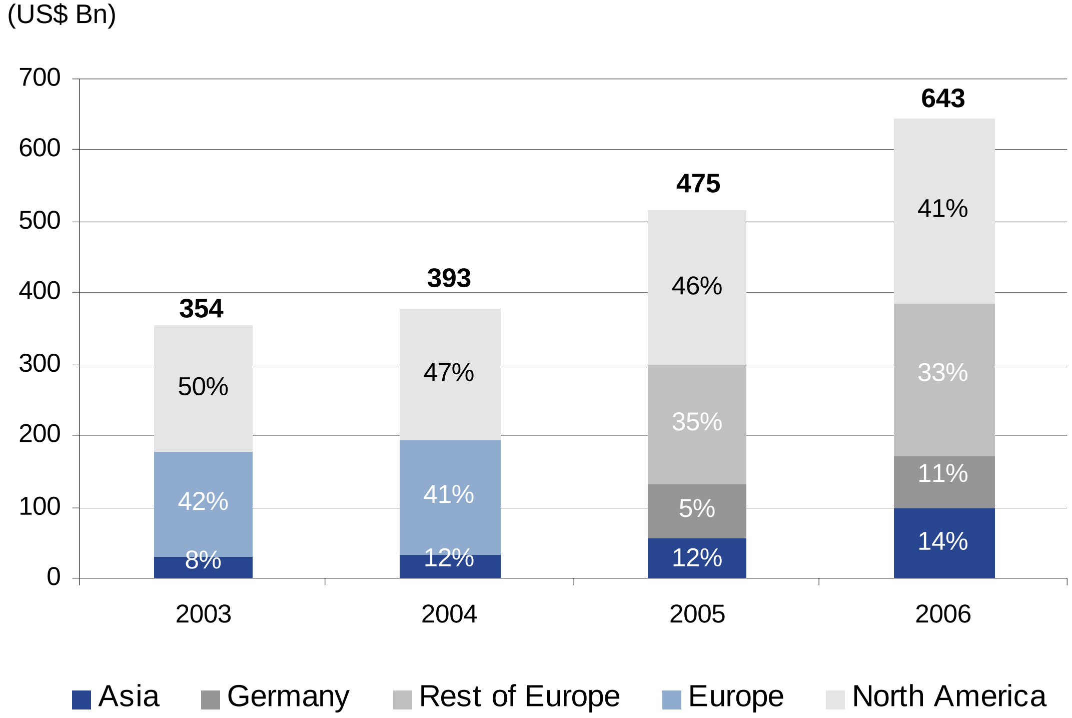
- Steady upward trend of operating revenues in 2006 driven by net interest and commission income
- Net interest income in Q4 8% higher than in Q4 2005, despite transfer of securitisation warehouse to HPFB
- Loan-loss provisions in Q4 stay at the low level of Q3
- General administrative expenses higher in Q3 and Q4, resulting from international expansion and bonus accruals in Q4

Notes:
1. Excluding the effects from capitalised losses carried forward and income of capitalised corporate income tax claims
2. Based on commitments
3. Based on allocated capital
4. As per approved annual financial statements

Hypo Real Estate GROUP

Global real estate markets – transaction volumes increased

TOTAL REAL ESTATE INVESTMENTS IN COMMERCIAL REAL ESTATE[1]
2003 – 2006



- Total allocation of capital to real estate increased by 35% in 2006
- Cross-border investments represent 44% of the total investment market (2005: 35%)
- Investment volume in Germany more than doubled in 2006; 60% of the volume is coming from international investors

Note:
1. Sources: Jones Lang la Salle; Property Data (UK); KTI Finland; Real Capital Analytics (USA); CB Richard Ellis; Cushman & Wakefield

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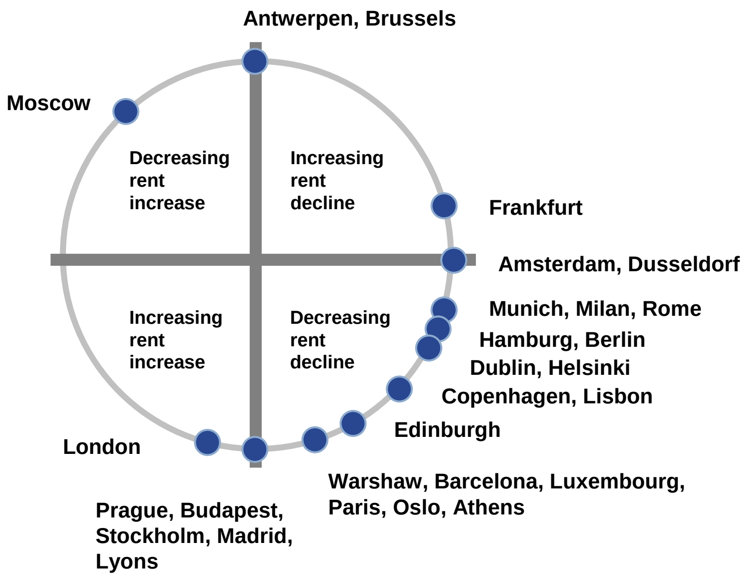
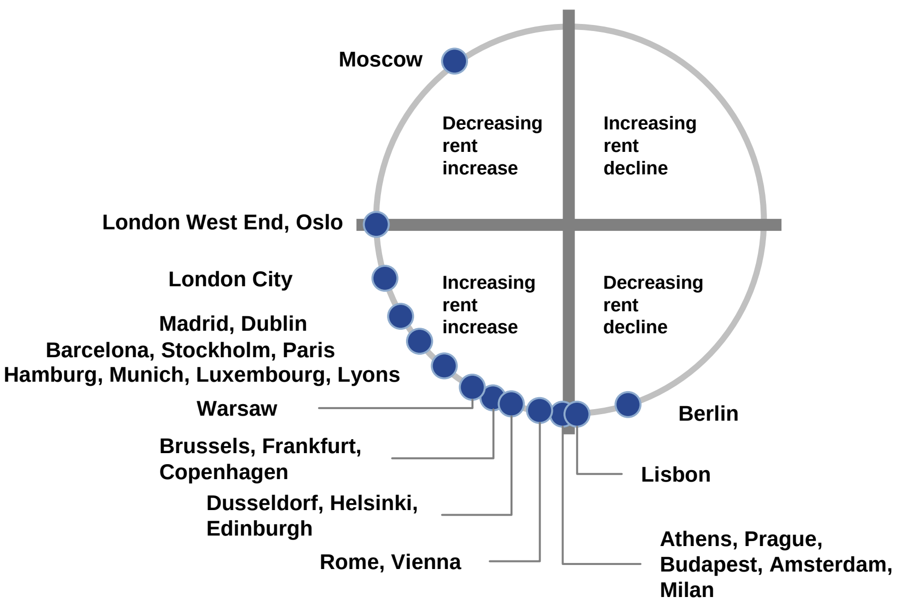
European office market is developing well

EUROPEAN OFFICE CLOCK(1)
Q4/2003



EUROPEAN OFFICE CLOCK(1)
Q4/2006



Early diversification into other asset classes to prepare for changing market environment

Note:
1. Source: Jones Lang La Salle

Commercial Real Estate

US (residential) market development – an opportunity, not a threat

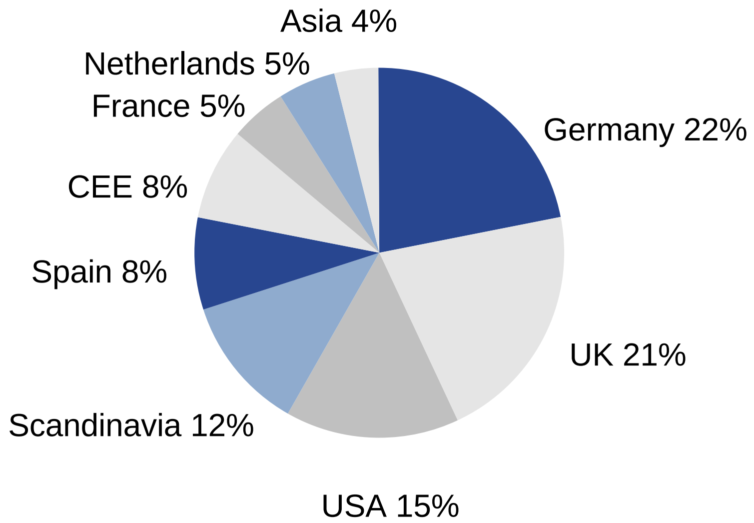
- Consolidation of the residential construction/conversion market is underway which had been anticipated by HRX
  - No loans to retail customers and therefore no sub-prime residential lendings
  - No new condo conversion loans since mid 2005
  - Repayments through successful sales of properties and syndications, resulting in a significant reduction of the residential portfolio since Q3 2005
- Still considerable investments towards prime high rise residential real estate (rising rents in multifamily); additionally improving fundamentals in the office sector (increasing rents, decreasing vacancies)
  - Portfolio has been opportunistically increased again in stable office and multifamily residential markets like New York in Q4

Due to the early reduction of the exposure combined with a conservative underwriting policy, risks are under strict control (average ISC 221%, average LTV 55%)

Hypo Real Estate GROUP

Record new business volume of € 9.1 Bn in Q4 2006

TOTAL NEW REAL ESTATE BUSINESS
Split by Region Q4 2006[1,2]



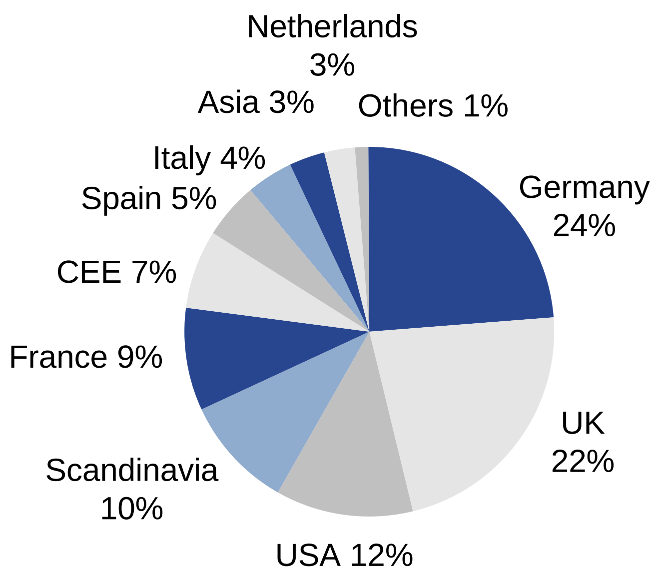
100% = € 9.1 Bn

- New business of € 9.1 Bn, even higher than record level of Q4 2005 (€ 8.0 Bn)
- Strong new business in Germany, Scandinavia, CEE and increased US contribution vs. Q1-Q3 2006
- IRR for total new CRE business >13%
- Repayments and prepayments of € 5.6 Bn reflect high portfolio turnover

Notes:
1. Internal unaudited figures
2. Based on commitments after syndication and planned securitisation

FY 2006 with new business volume of € 26.6 Bn at an IRR >13%

TOTAL NEW REAL ESTATE BUSINESS
Split by Region FY 2006[1,2]



100% = € 26.6 Bn

- New business of € 26.6 Bn significantly improved (+19%) in comparison to a strong previous year (€ 22.3 Bn)
- Additional origination for securitisation and syndication amounted to € 2.4 Bn
- Strong new business in UK and Germany; German new business increased from € 2.8 Bn in FY 2005 to € 6.6 Bn
- Repayments and prepayments of € 19.6 Bn reflect high portfolio turnover
- Net increase of total real estate portfolio of € 8.3 Bn in FY 2006 (incl. AHBR portfolio acquisition)
- Volume prolonged at Hypo Germany € 2.2 Bn, which equals a prolongation rate of 54%

Notes:
1. Internal unaudited figures
2. Based on commitments after syndication and planned securitisation

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Commercial Real Estate
Transaction highlights

PIRELLI RE

€1,190 million
Arranger and Underwriter
Acquisition and optimisation finan-cing for the equity stake in DGAG
Germany

GATEWAY AT BRONX TERMINAL
$352,344,000
Construction Financing
New York, New York
Retail
US

ORION CAPITAL MANAGERS
€112 million
Facility Agent & Arranger:
Acquisition & Development Financing
Rue d'Astorg, Paris CBD
FRANCE

€234 million
Arranger and Underwriter
Refinancing of restructuring of the Widerker properties
Germany

NEW STAR
€650 million
Facility Agent & Arranger:
Acquisition Financing across Europe and Asia

DEUTSCHE IMMOBILIEN
€102 million
Arranger and Underwriter
Acquisition and development financing for residential/hotel/offices building
Germany

AKRON GROUP
€143 million
Facility Agent & Arranger:
Acquisition Financing for the Warsaw Trade Tower
POLAND

THE CARLYLE GROUP
€89 million
Arranger and Underwriter
Construction of a central logistic and distribution center for H&M
Germany

JPMorgan
€133 million
Arranger and Underwriter
Acquisition financing for office building "Garden Towers"
Germany

THE BOZZUTO GROUP OF COMPANIES
$147,926,017
Bridge Financing
Prince Georges County, Maryland
Multi-Family
US

REIT Asset Management GmbH
€73 million
Arranger and Underwriter
Refinancing of existing dept and acquisition of asset companies
Germany

AB | SAGAX
SEK 1,300 million
Facility Agent & Arranger:
Financing of company's real estate holdings in Stockholm plus an acqusition facility
Sweden

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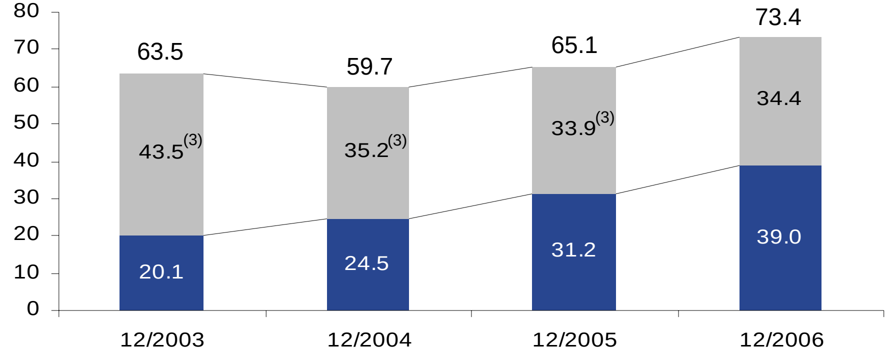
Commercial Real Estate
Further portfolio growth

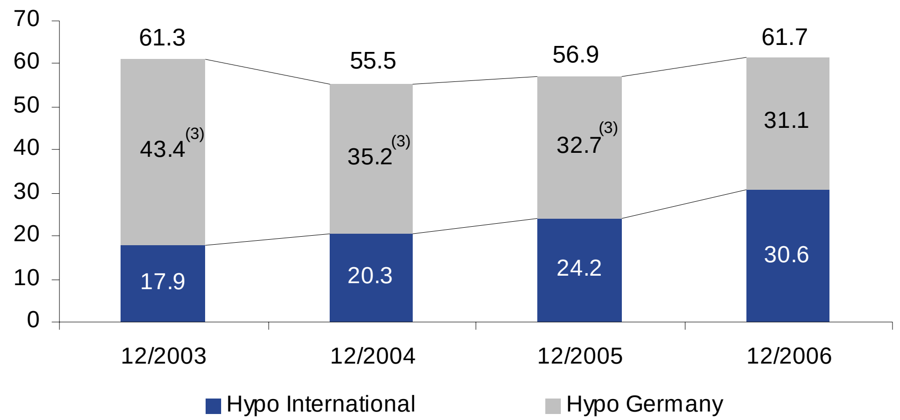
REAL ESTATE PORTFOLIO DEVELOPMENT

(€ Bn) Split by Segment (Commitments) 12/2003 - 12/2006[1,2]



REAL ESTATE PORTFOLIO DEVELOPMENT

(€ Bn) Split by Segment (Outstandings) 12/2003 - 12/2006[1]



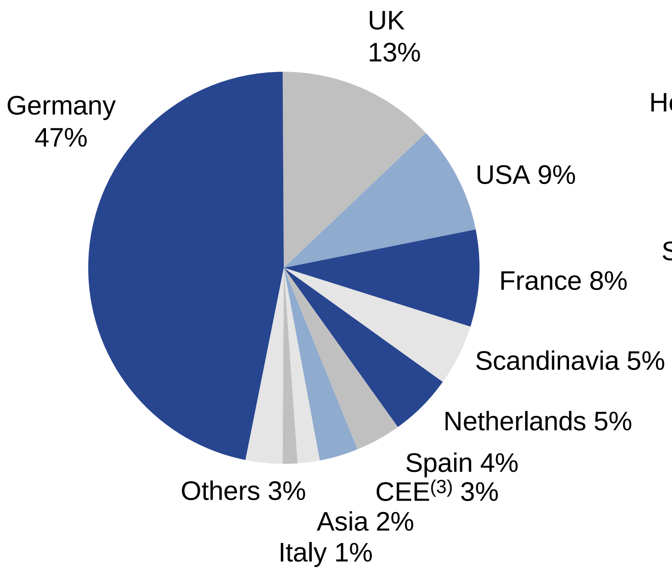
- Change in commitments y-o-y:
  - CRE +12.7%
  - Hypo Germany +1.5%
  - Hypo International +25.0%
- Change in outstandings y-o-y:
  - CRE +8.4%
  - Hypo Germany -4.9%
  - Hypo International +26.4%
- Gap between commitments and outstandings increased from € 8.2 Bn as of 12/2005 to € 11.7 Bn as of 12/2006 due to record level of new business in Q4 and FY 2006

Notes:
1. Internal unaudited figures
2. Based on commitments (Hypo Germany 12/2003 and 12/2004 based on outstandings)
3. Figures including former WuerttHyp's German portfolio

Hypo Real Estate GROUP

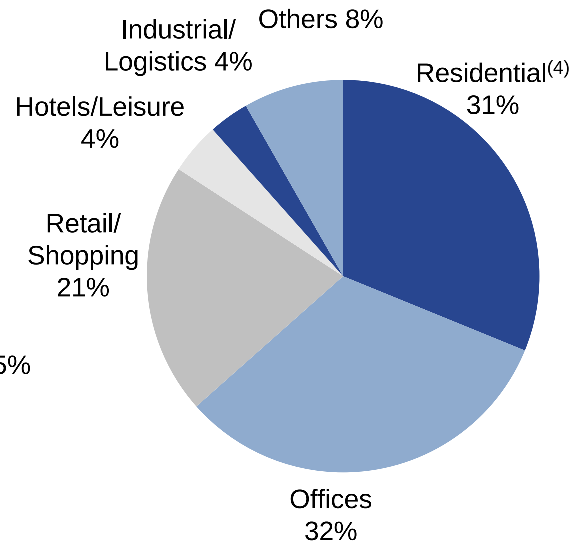
Well diversified real estate loan portfolio …

SPLIT BY REGION
Real Estate Loan Portfolio
12/2006[1,2]



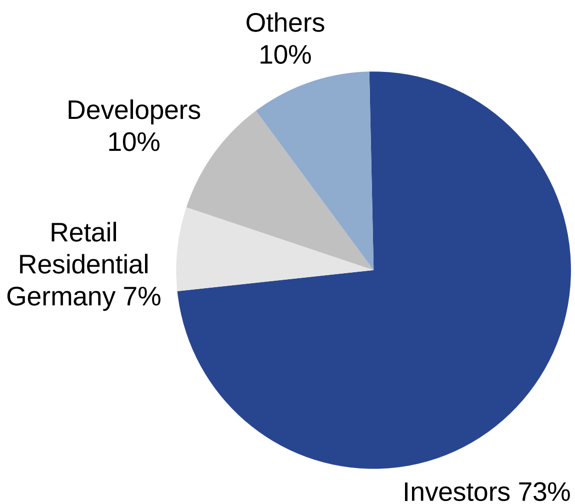
100% = € 73.4 Bn

SPLIT BY PROPERTY
Real Estate Loan Portfolio
12/2006[1,2]



100% = € 73.4 Bn

SPLIT BY CUSTOMER TYPE
Real Estate Loan Portfolio
12/2006[1,2]



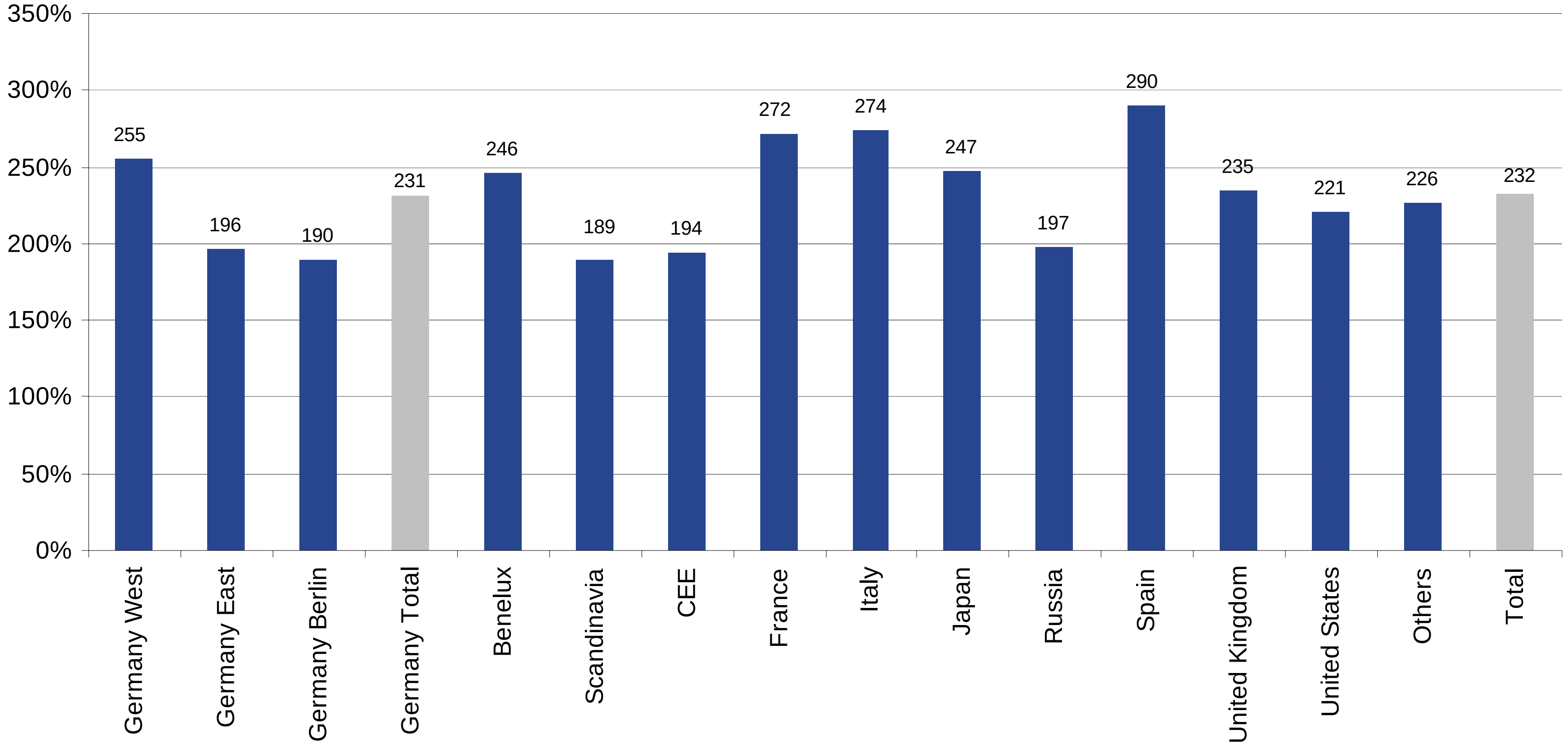
100% = € 73.4 Bn

Notes:
1. Internal, unaudited figures
2. Based on commitments
3. CEE mainly comprises Hungary, Poland and the Czech Republic
4. Including legacy retail residential Germany of € 4.9 Bn

…with ongoing strong Interest Service Coverage (ISC) ratios…

PRO FORMA ISC PER COUNTRY[1,2,3]

12/2006

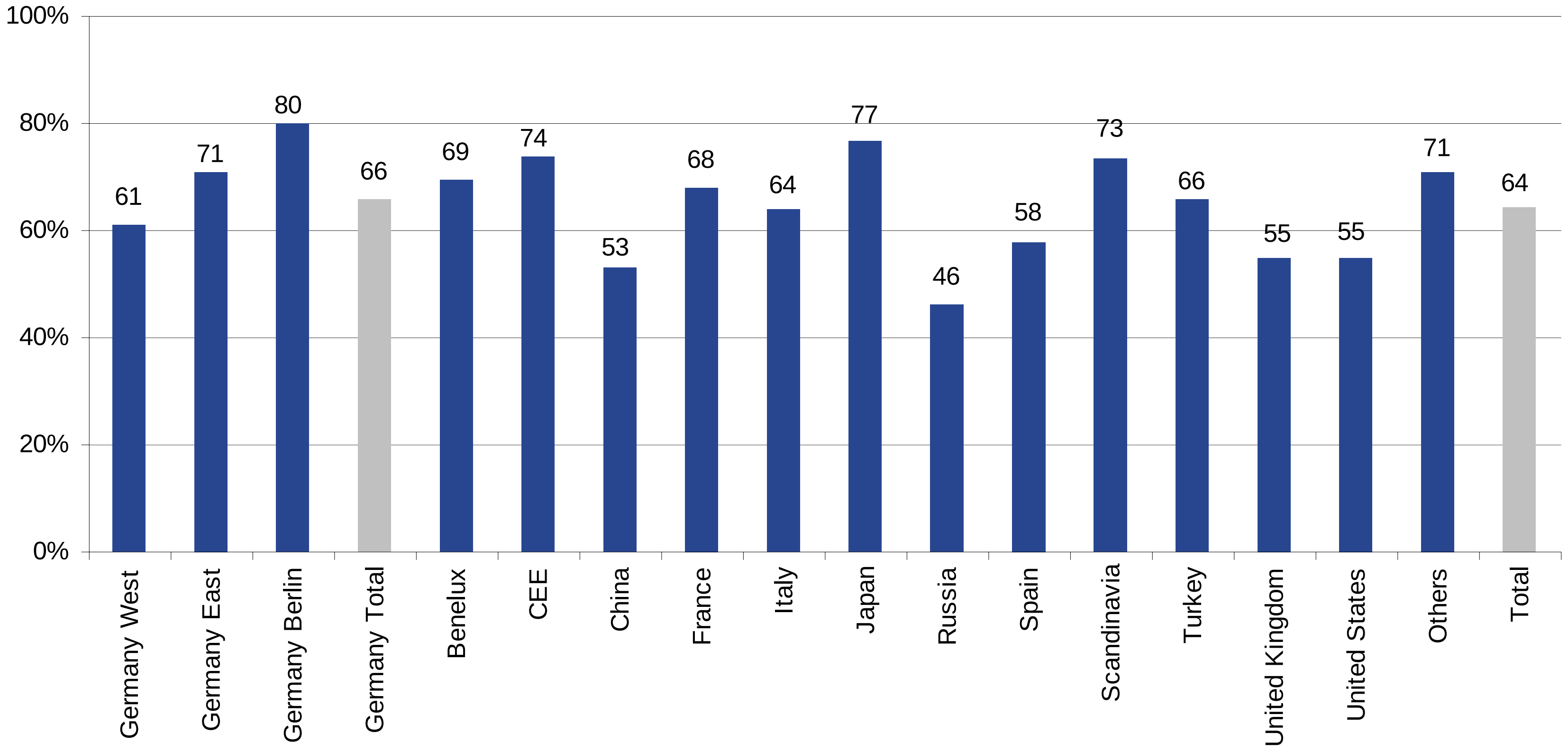


Notes:
1. Excluding legacy retail residential Germany of € 4.9 Bn
2. Based on internal, unaudited loans outstanding
3. Weighted by loans outstanding, excluding corporate loans, construction loans, VAT bridge loans, guarantees, workout loans, others where ISC is not applicable, relevant or calculable

Hypo Real Estate GROUP

Commercial Real Estate
… and low Loan To Value (LTV) ratios…

PRO FORMA LTV PER COUNTRY[1,2,3]
12/2006

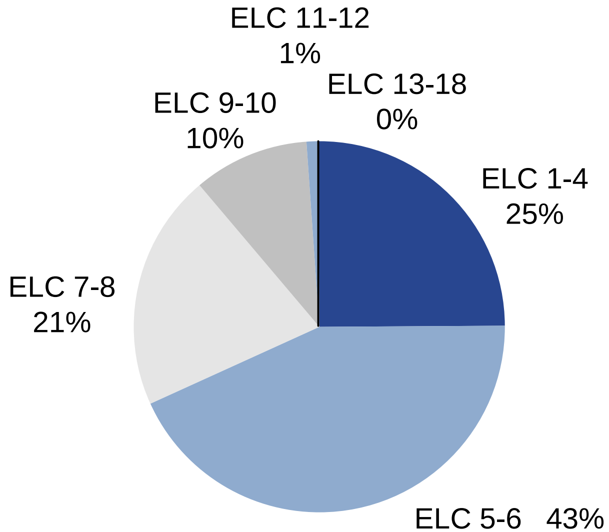


Notes:
1. Excluding legacy retail residential Germany of € 4.9 Bn
2. Based on internal, unaudited closed commitments
3. Weighted by closed commitments, excluding corporate loans, VAT bridge loans, guarantees, totally undrawn loans, workout loans and others

Hypo Real Estate GROUP

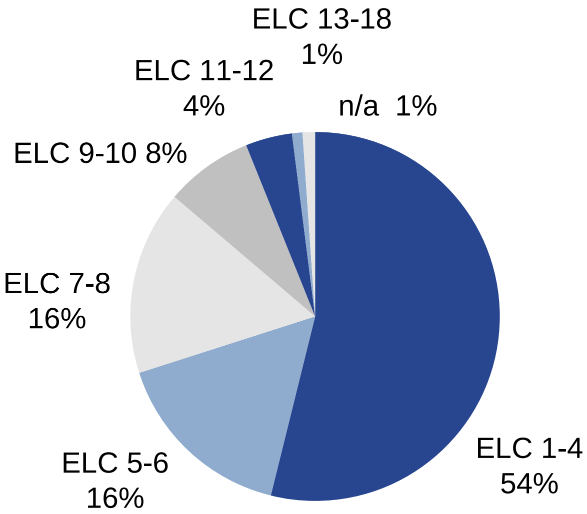
Commercial Real Estate
…resulting in a high asset quality

EXPECTED LOSS CLASSES
Real Estate Exposure at Default
Hypo International 12/2006[1,2]



100% = € 32 Bn

EXPECTED LOSS CLASSES
Real Estate Exposure at Default
Hypo Germany 12/2006[1,2]



100% = € 30 Bn

- Average EL of Hypo International at approx. € 73 MM (23 Bp) and thus in line with portfolio-based provisions
- Average EL of Hypo Germany at approx. € 96 MM (32 Bp) showing a very high level of first-ranking mortgage collaterals

EL classes	1 - 4	5 - 6	7 - 8	9 - 10	11-12	13-18
from (in Bp)	0	5	20	55	160	>400
to (in Bp)	5	20	55	160	400	

Notes:
1. Internal, unaudited figures
2. Based on outstandings

Hypo Real Estate GROUP

Outlook 2007 – further growth in HRX' core competence commercial real estate lending

- ROE target of >12%
- Pre-tax profit anticipated to increase up to 10% to € 630-650 MM
- Taking advantage of market situation via global network as investments in commercial real estate remain very strong
- Profitability increase in Germany due to further improvement of average margin and the reduction of expected losses (EL)
- New business target of at least € 22 Bn with an average IRR of >13%
- RWA growth of € >4 Bn

Asset Finance & Asset Management

Hypo Public Finance Bank
Growing profit contribution

KEY FINANCIALS (IFRS)			
(€ MM)	FY 2006	FY 2005	Change (%)
Total operating revenues	**96**	**60**	**+60.0**
Net interest income	34	25	+36.0
Net commission income	18	3	>+100.0
Net trading income	38	26	+46.2
Net income from investments	5	3	+66.7
Balance of other operating income/expenses	1	3	>-100.0
Provisions for losses on loans and advances	3	0	>+100.0
General administrative expenses	46	42	+9.5
Balance of other income/expenses	0	0	0
Net income/loss before taxes	**47**	**18**	**>+100.0**
Taxes on income	11	2	>+100.0
Net income/loss	**36**	**16**	**>+100.0**

ROE after taxes (%)	**9.7**	**7.9**[1]	
Cost-income ratio (%)	**47.9**	**70.0**	

- Total operating revenues up 60% over FY 2005
- Net interest income increased due to growing asset finance (infrastructure/ asset-based finance) portfolio
- Net commission income boosted by fees earned from asset management/ administration
- Net trading income up in absolute terms, but proportion vs. total operating revenues further down
- General administrative expenses higher due to business expansion
- CIR improved significantly to 47.9%

Note:
1. Based on allocated capital

Hypo Public Finance Bank
Quarterly development

(€ MM)	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006
Total operating revenues	**15**	**21**	**26**	**25**	**24**
Net interest income	10	7	7	7	13
Net commission income	-2	2	8	4	4
Net trading income	3	11	6	14	7
Net income from investments	3	1	4	0	0
Balance of other operating income/expenses	1	0	1	0	0
Provisions for losses on loans and advances	0	0	1	0	2
General administrative expenses	14	11	11	13	11
Balance of other income/expenses	0	0	0	0	0
Net income/loss before taxes	**1**	**10**	**14**	**12**	**11**
Taxes on income	-2	2	4	2	3
Net income/loss	**3**	**8**	**10**	**10**	**8**

Risk assets compliant with BIS rules (€ Bn)	2.0	2.1	2.4	3.2	4.3
Core capital ratio compliant with BIS rules (%)	15.0(1)	14.7	13.6	10.6	8.4(2)
Employees	175	170	161	158	167

- Total operating revenues stable in Q4 2006 vs. Q3 due to strong net interest income but lower trading income
- Net trading income more volatile although positive in all market environments
- Portfolio-based loan loss provisions of € 2 MM in Q4 due to growing asset finance portfolio

Notes:
1. Based on allocated capital
2. As per approved annual financial statements

Hypo Real Estate GROUP

Asset Finance & Asset Management
Business lines

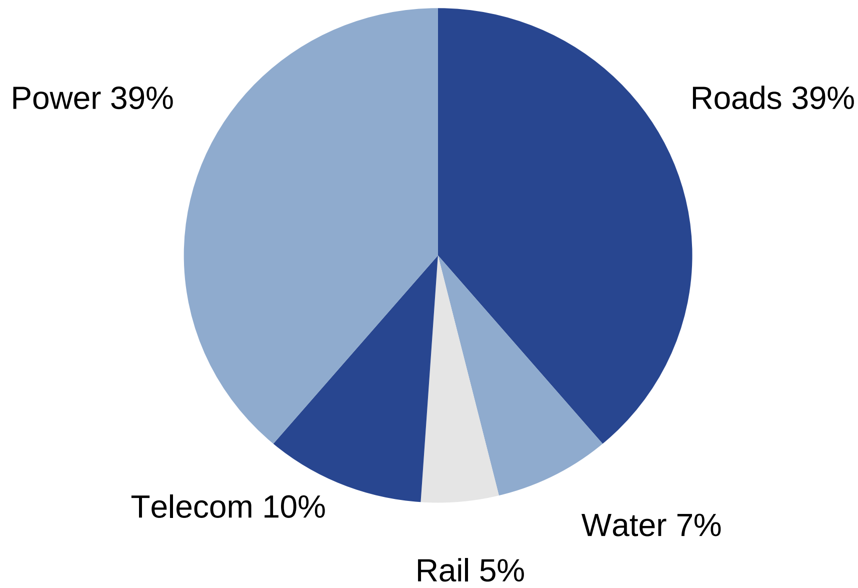
Asset Finance & Asset Management

Asset Finance	Asset Management	Capital Markets	Other
- Asset-based finance - Infrastructure finance	- Collineo Asset Management - Advisory, management and structuring of MBS, ABS and CDOs on MBS - Guaranteed investment contracts (GICs)	- Financial services Structuring and real estate securitisation - Trading & investment	- Public sector finance Hypo Pfandbrief Bank International

- **Strong growth element with Asset Finance to create significant income stream of interest income**
- **Stable fee income stream from Asset Management**
- **Additional fee income from Capital Markets through structuring and securitisations**

High growth opportunities in global infrastructure

GLOBAL INFRASTRUCTURE ASSETS
Estimated Breakdown 2005[1]



100% = US$ 17 Tn

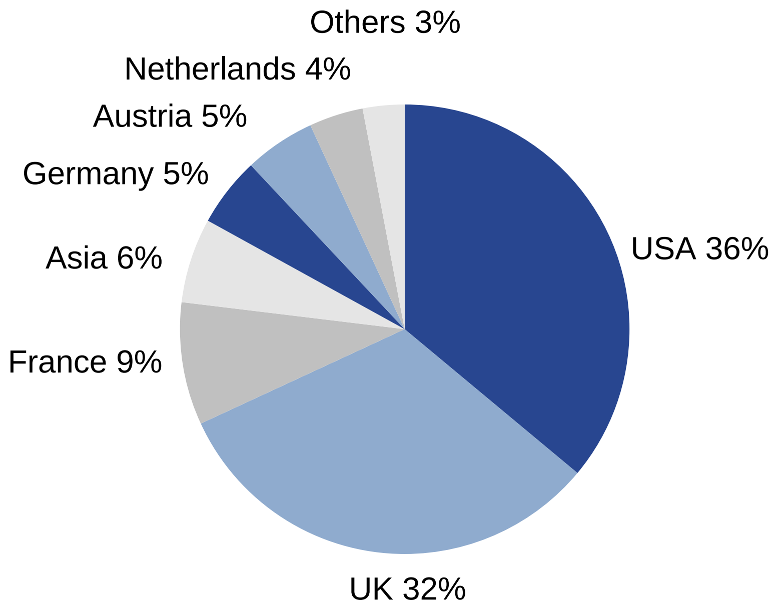
- World Bank estimates the total global value of infrastructure assets to be US$ 17 trillion
- This figure excludes ports, airports, and oil and gas infrastructure
- UBS calculates the potential annual spending on infrastructure between 2005 and 2010 to be about US$ 850 Bn per year

Note:
1. Source: UBS estimates

Asset finance portfolio

SPLIT BY REGION

Asset Finance Portfolio 12/2006[1,2]



100% = € 1.9 Bn

- Just started in 2006, new asset finance (infrastructure/asset-based finance) already reached € 1.9 Bn
- Overall 34 diverse transactions originated (17 London/17 New York platform) in the last 12 months
- Key relationships established with corporates, financial sponsors, network operators, lessors and commercial advisors
- Net increase of asset finance portfolio of € 1.2 Bn in Q4

Notes:
1. Internal, unaudited figures
2. Based on commitments

Hypo Real Estate GROUP

Asset Finance – transaction highlights

M6 Motorway, UK
Real Toll Road

Lender

October 2006

Bristol International Airport

Lender

October 2006

Autobahn Tank & Rast, Germany
Motorway Service Stations

Lender

August 2006

Acquisition Financing
Student Housing

Lender

July 2006

BBRM

Term Loan
North American Leased Railcar Portfolio

Lead Arranger

December 2006

BAA, UK
Acquisition Financing

Lender

October 2006

Intergen
Global Portfolio of Power Assets

Lender

May 2007

Term Loan
Port Equipment

Arranger

December 2006

Secured FBO Airport Facility

Lender

March 2006

APRR French Motorways, France
Real Toll Road

Lender

May 2006

Fleet Financing

Lender

June 2006

Associated British Ports, UK
Acquisition Financing

Senior & Junior Agents

September 2006

Asset Finance – comprehensive risk management approach

Infrastructure and Asset-based Finance

Main risk factors…

- Sustainability of cash flows
- Volatility, liquidity and marketability of the underlying assets
- Market dynamics
- Concentration risk

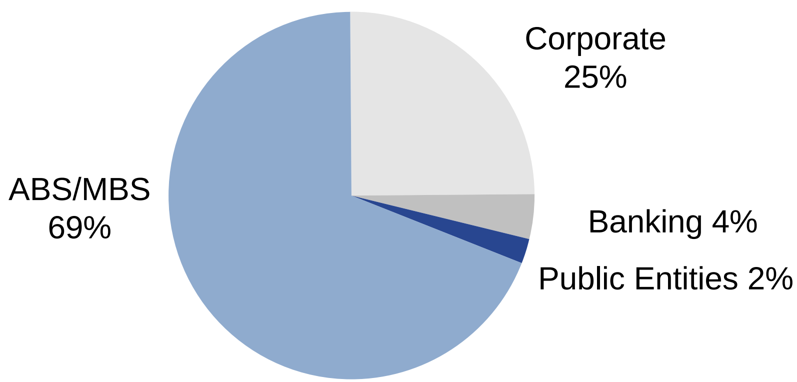
…comprehensive risk management approach

- **Sound single-deal analysis**
  - Sustainability of the project’s cash flow is the major credit decision criteria
  - Quality of underlying assets has to be proven and needs to be independent from the owner
  - Analysis requires an in-depth understanding of the cash-flow dynamics and the competitive attributes and its cost
- **Market knowledge**
  - Legal and regulatory framework in the specific markets as well as economic fundamentals have to be comprehensively addressed
- **Portfolio strategy**
  - Focus on lien positions and diversification by sponsor base, countries and industries

Growing assets under management/administration

SPLIT BY BUSINESS TYPE

Assets under Management/Administration 12/2006[1,2]



100% = € 31.7 Bn

- Collineo Asset Management manages various portfolios for third parties (institutional clients) with total assets under management of € 14.6 Bn
- It is one of the leading managers of cash-flow CDO's of structured finance securities both by size and number of transactions
- Core business of Collineo is advisory, management and structuring services for the European structured finance CDO market, with a focus on real estate, infrastructure and asset-based products
- In addition, HPFB administers an asset backed commercial paper (ABCP) conduit of currently € 17.1 Bn, which risks are supported by agreements with A-1/P-1 counterparties. According to S&P, Morrigan TRR is ranked 5th largest US ABCP programme.

Notes:
1. Internal, unaudited figures
2. Based on commitments

Capital Markets – higher portfolio turnover and profitability increase due to starting securitisation business

- From being a pure on-balance sheet lender, HRX will gradually shift to a buy and distribute/sell approach to expand its value chain
- Securitisations will play a major role in the future for increasing profitability as well as for capital management
- After having started the initiative only in autumn 2006, the warehouse volume for securitisations amounted to € 2.4 Bn by end of 2006
- First securitisation successfully launched beginning of February 2007 with a volume of £ 596 MM, facing a solid investor demand:
  - ESTATE UK-3 comprises 13 UK loans with high DSC ratio and low LTV
  - Excellent running costs of less than 20 Bp
  - Partially funded synthetic real estate transaction
  - Strong IRR of more than 20% achieved without retaining any risk
- Capital Markets trading activities focus additionally on repackaging of credit risk as well as credit risk arbitrage

Quadra Realty Trust, Inc. – a further off-balance sheet vehicle

- Commercial real estate finance company, structured as a mortgage REIT and externally managed by Hypo Real Estate Capital Corporation (33% investment at IPO)
  - IPO of 16,670,000 common shares (total shares outstanding of 25,720,100) with initial quote of US$ 15 on New York Stock Exchange (NYSE: QRR) at February 15th, 2007
  - Targeted investments: commercial mortgage investments including construction loans, mezzanine loans, B-notes, bridge loans, loan participations, preferred equity investments and equity in commercial real estate
- Generates additional fee income
- Leverage of origination and risk management capabilities
  - Higher underwriting volume in the Group by providing traditional real estate lending as well as innovative off-balance sheet products
  - Creates an additional source of capital and an alternative source of financing
  - Provides the Group with the ability to actively participate in higher yielding real estate lending while maintaining an acceptable risk level as well as control over the assets

Asset Finance & Asset Management
Outlook 2007 – profit to be doubled driven by interest and fee income

- ROE target of 14-15%
- Pre-tax profit anticipated to double to € 90-110 MM (2006: € 47 MM)
- Asset Finance:
  - Initial focus on European and North American syndication markets, direct clients and sector specialist institutions
  - Mutual leverage of London and New York team resources for infrastructure/asset-based finance, coordination with other business units within the Group
  - New business target of at least € 3 Bn with an average IRR of >13%
  - RWA growth of € 2-3 Bn
- Securitisation:
  - Volume of more than € 10 Bn targeted to be securitised and syndicated, thereof more than € 5 Bn out of existing non-strategic German portfolio

Outlook 2007: Hypo Real Estate Group

Four growth areas in 2007 and beyond

- On-balance sheet commercial real estate financing remains the core competence and source of growth
- Infrastructure and asset based finance to strengthen the loan portfolio growth through the use of the existing real estate franchise
- Securitisations to shift gradually from a pure on-balance sheet lender to a buy and distribute/sell approach to uplift profitability
- Asset management of complex structured finance products to create a stable additional income stream

New organisational set-up – developing a second pillar…

Combination of Hypo International and Hypo Germany in one segment Commercial Real Estate

- Customers and their demands have become nearly identical internationally and in Germany
  - Profitability, size and quality is equalising, differences in ratings and market perception are fading away
  - Cross-border investment flows have increased

Building an Asset Finance House by creation of the segment Asset Finance & Asset Management

Commercial Real Estate

Germany	Europe	US	Asia

- New business origination
- Commercial real estate portfolio

Other

- Public sector finance
- Non-strategic German portfolio
- Overhead functions
- Treasury

Asset Finance & Asset Management

Asset Finance	Capital Markets	Asset Management

- New business origination
- Infrastructure/asset-based finance portfolio
- Assets under management/administration
- Real estate securitisation

Other

- Public sector finance
- Overhead functions
- Treasury

Hypo Real Estate GROUP

Hypo Real Estate Group
…and its benefits

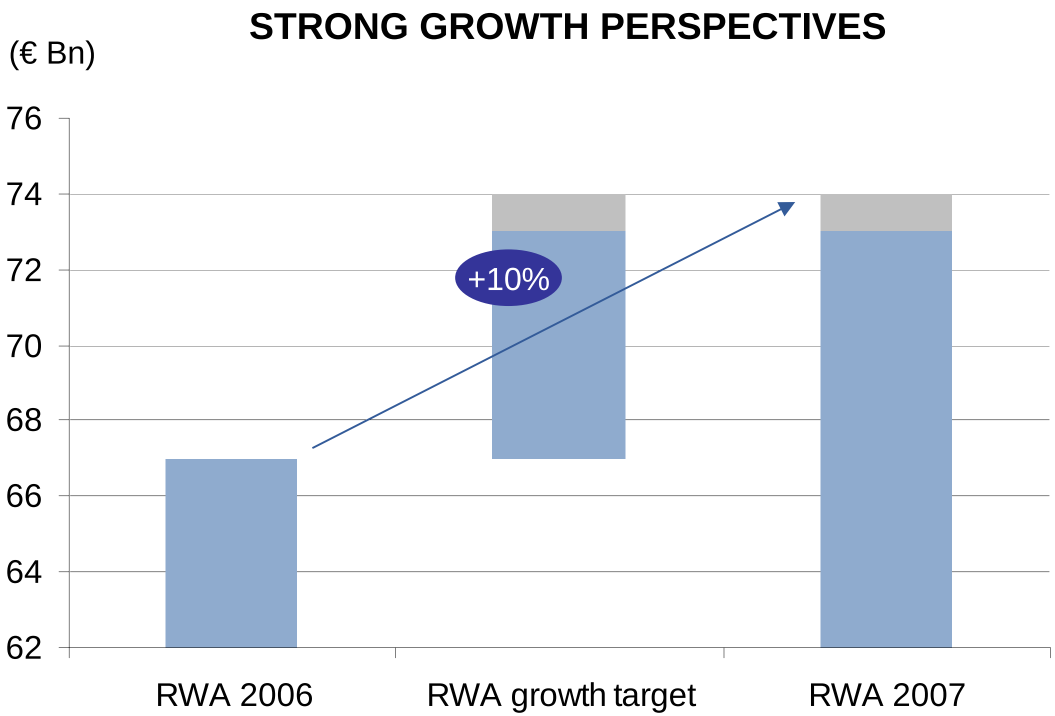
- Higher efficiency for our clients (no cross reference necessary; international client management out of one hand)
- Elimination of double or triple functions (e.g. funding, administration, etc.)
- Higher transparency, including 2 main segments and 7 business-orientated sub-segments
- Stronger diversification into non-real estate lending reducing the risk of the Group even further
- Extension of the value chain through secondary market real estate business (securitisations, asset administration of securitisations)

Efficiency gains help to strengthen future earnings as well as to finance future investments (regional/product expansion)

Higher value for our customers and our shareholders

Hypo Real Estate GROUP

Strong growth potential allows for a 10% RWA increase in 2007

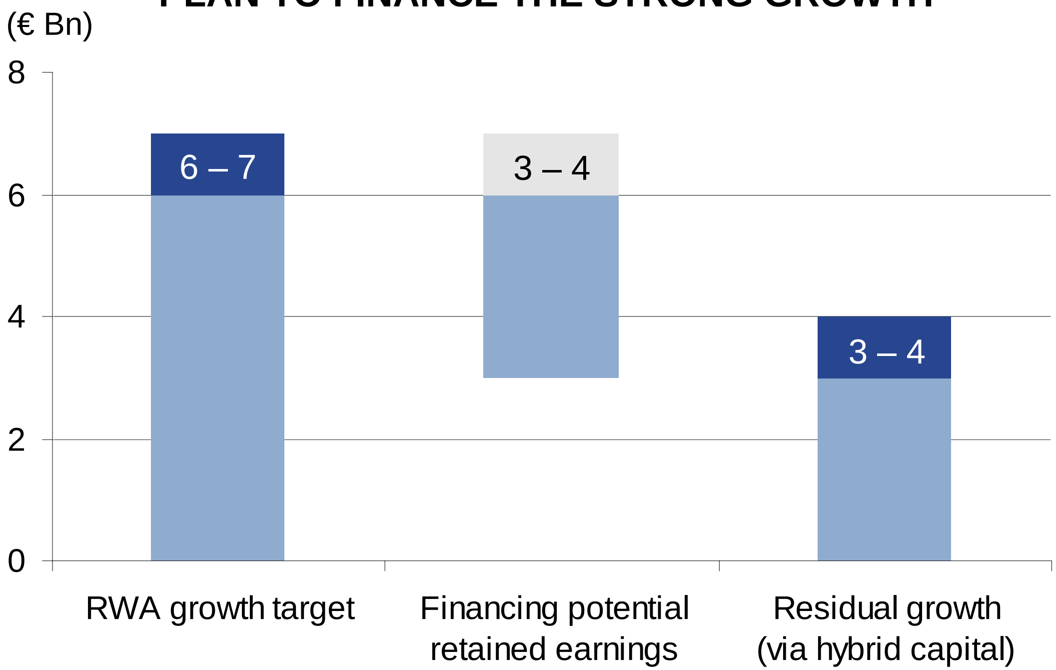


- HRX plans to increase its RWA on Group level by 10% in 2007, despite a roughly flat portfolio in Germany
- RWA growth of € 6-7 Bn means a RWA target of € 73-74 Bn as per year-end

HRX can take advantage of the strong growth opportunities in the commercial real estate as well as infrastructure/asset-based finance market

Growth potential financed by issuing of hybrid capital

PLAN TO FINANCE THE STRONG GROWTH



- Due to a self-financing capacity of € 3-4 Bn out of retained earnings the residual amount has to be financed by additional capital
- Due to the unleveraged capital base HRX has ample room to finance the strong portfolio growth
- Hybrid capital issue of approx. € 300 MM targeted to be issued in Q2 2007

Leveraging the balance sheet helps to boost future profitability

Outlook 2007: Profit growth of min. 20% well above European sector average[1]

- Double-digit ROE of 11-12%
- Pre-tax profit increase of min. 20% to at least € 680 MM
- Operating revenue growth to at least € 1.2 Bn, thereof more than 85% from interest and fee income
- Moderately rising cost side: loan-loss provisions of € 150-160 MM, general administrative expenses of € 360-370 MM
- New lending business target of at least € 25 Bn with an average IRR of >13%; additionally more than € 10 Bn targeted to be securitised and syndicated
- A stable dividend policy with 40-50% dividend pay-out

Higher profitability and even more stable earnings development due to further increasing real estate lending volume and diversification into other asset classes

Note:
1. According to IBES consensus estimates for the subindex STOXX Banks

Outlook 2007: Overview

(€ MM)	CRE FY 2007e	AF&AM FY 2007e	Hypo Group FY 2007e	Hypo Group FY 2006
Total operating revenues			**>1,200**	**1,082**
Provisions for losses on loans and advances			150 - 160	159
General administrative expenses			360 - 370	335
Pre-tax profit	**630 - 650**	**90 - 110**	**>680**	**571**

ROE after taxes (%)	>12	14 - 15	11 - 12	9.9

New business (€ Bn)	>22	>3(1)	>25	28.5
IRR of new business (%)	>13	>13(1)	>13	>13
RWA growth (€ Bn)	>4	2 - 3	6 - 7	10.1(2)

Notes:
1. Only asset finance
2. Including AHBR portfolio acquisition

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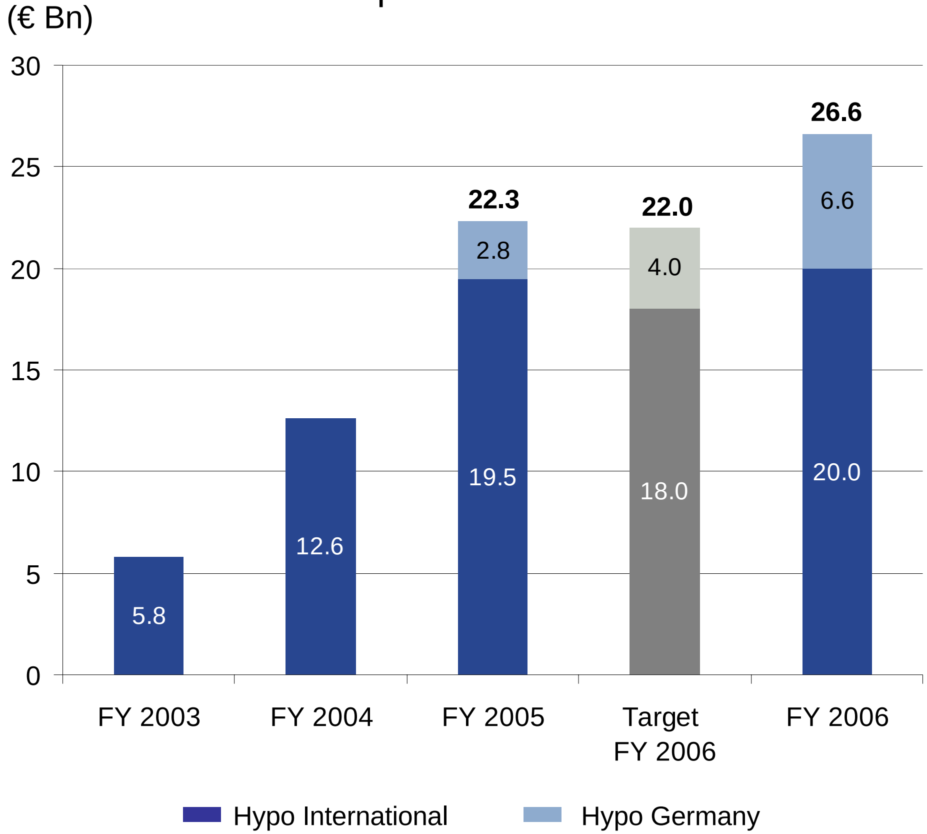
Hypo Real Estate
GROUP

Appendix

New real estate business well ahead of € 22 Bn target

NEW REAL ESTATE BUSINESS[1]
Development 2003 – 2006



- Group's new real estate business was € 26.6 Bn in 2006 (excl. AHBR portfolio acquisition of € 3.3 Bn) and thus € 4.6 Bn (21%) above target
- Hypo International wrote € 20.0 Bn vs. target of € 18 Bn, despite lower business in the US y-o-y (IRR of 14%)
- Hypo Germany with € 6.6 Bn well (65%) above € 4 Bn target (IRR of 13%)
- Additional off-balance sheet business (securitisation and syndication) amounted to € 2.4 Bn, resulting in a gross new real estate business origination of € 32.3 Bn (incl. AHBR portfolio acquisition)
- New business in infrastructure/asset-based finance boosted to € 1.9 Bn in 2006

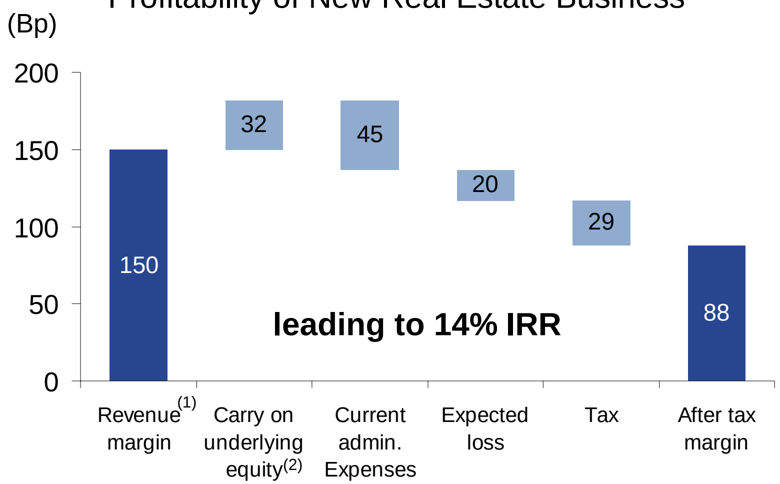
Note:
1. Commitments after syndication and securitisation

Hypo Real Estate GROUP

Stable risk-adjusted returns (IRR) throughout the year

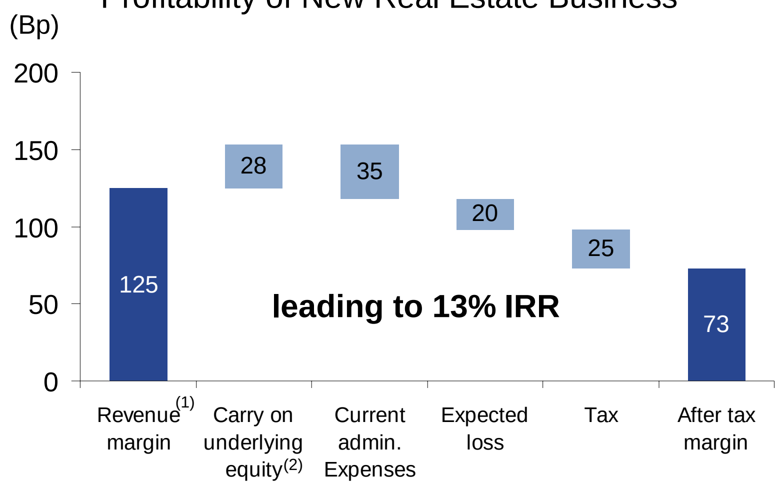
HYPO INTERNATIONAL

Profitability of New Real Estate Business



HYPO GERMANY

Profitability of New Real Estate Business



- Risk-adjusted IRR for new real estate business of Hypo International stable at 14% and above minimum target of 13%
- Revenue margins up again in Q4, benefiting from a slight change in regional business-mix and stabilised credit spreads; but quarterly view is not representative

- Risk adjusted IRR for new real estate business of Hypo Germany stable at 13% and consequently higher than threshold (12%) despite much higher volume
- Hypo Germany’s new business thus comparable with international profitability, size and quality

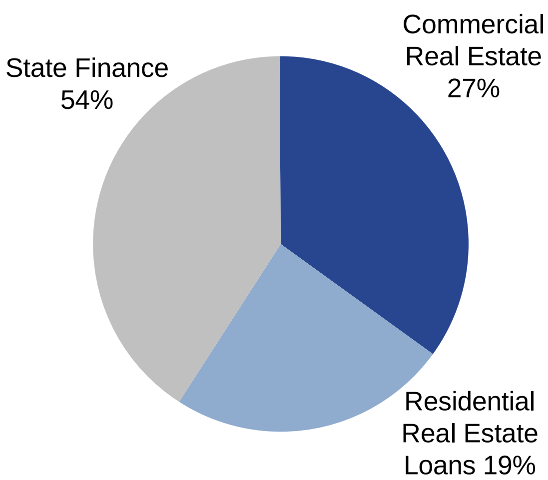
Notes:

1. Interest plus fees
2. Calculated on a 5% return on the underlying equity (4% coupon plus 1% from treasury activities)

Hypo Real Estate GROUP

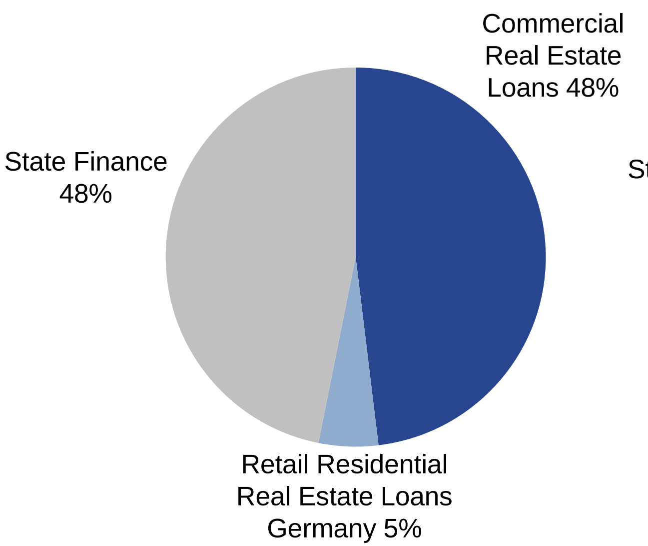
The Group portfolio increasingly comprises commercial real estate loans

SPLIT BY PRODUCT
Total Portfolio 12/2003[1,2]



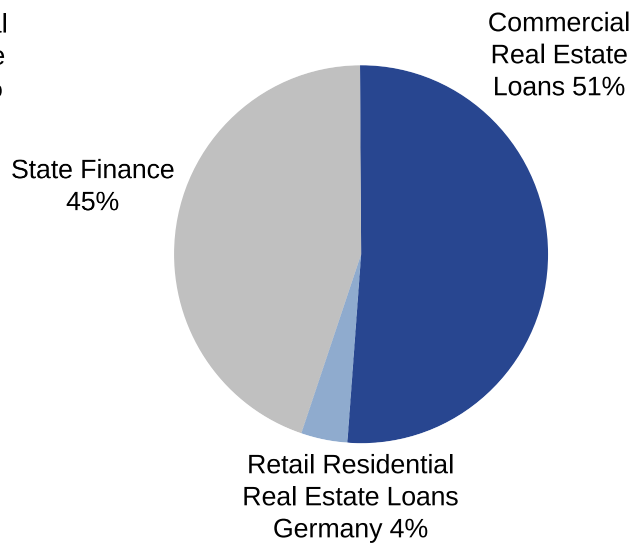
100% = € 137.5 Bn

SPLIT BY PRODUCT
Total Portfolio 12/2005[1,2]



100% = € 127.2 Bn

SPLIT BY PRODUCT
Total Portfolio 12/2006[1,2]



100% = € 133.5 Bn

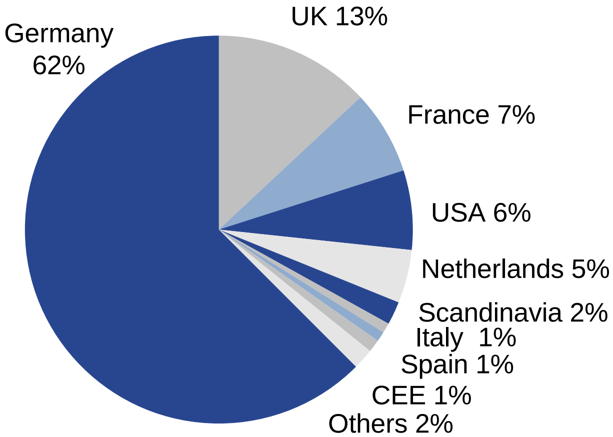
- Hypo Group's portfolio increased by € 6.3 Bn in 2006 due to increase of real estate business by € 8.3 Bn and further decrease of state finance by € 2.0 Bn

Notes:
1. Internal, unaudited figures
2. Based on commitments (Hypo Germany loans 12/2003 and 12/2004 based on outstandings)

Hypo Real Estate GROUP

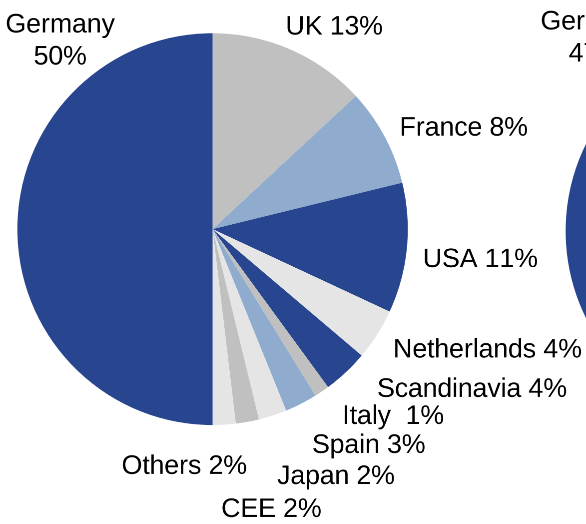
Geographical diversification has increased

SPLIT BY REGION
Real Estate Loan Portfolio
12/2003[1,2]



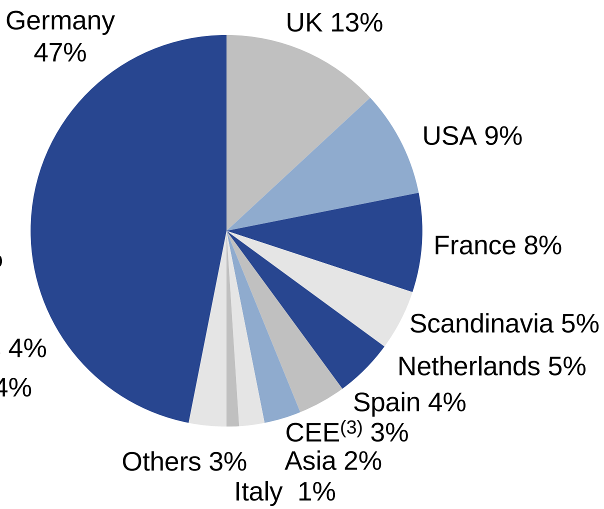
100% = € 63.6 Bn

SPLIT BY REGION
Real Estate Loan Portfolio
12/2005[1,2]



100% = € 65.1 Bn

SPLIT BY REGION
Real Estate Loan Portfolio
12/2006[1,2]



100% = € 73.4 Bn

Notes
1. Internal, unaudited figures
2. Based on commitments (Hypo Germany 12/2003 and 12/2004 based on outstandings)
3. CEE mainly comprises Hungary, Poland and the Czech Republic

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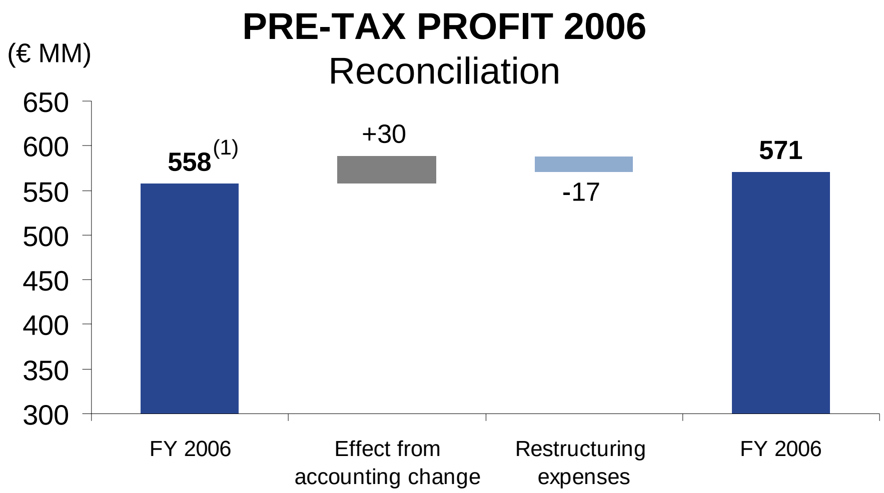
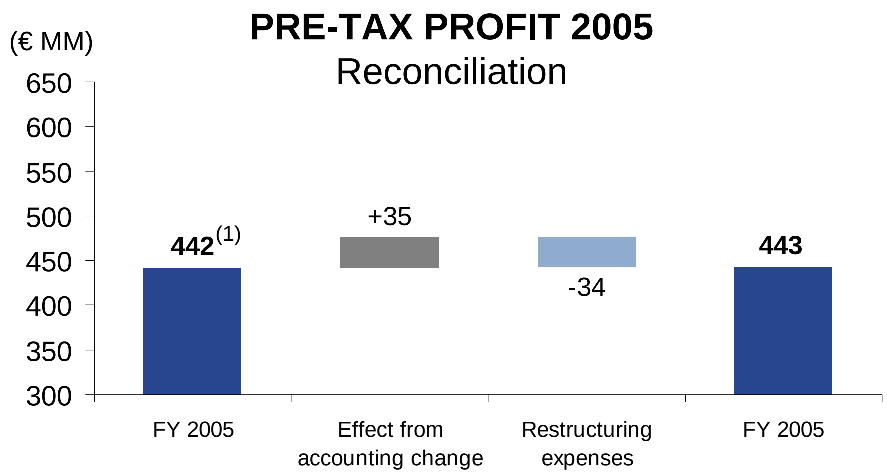
Net effect from change of accounting treatment for impairment measurement (IFRS) partly offset by restructuring expenses





- Excluding effects from accounting change and restructuring expenses, pre-tax profit up 26% in 2006 to € 558 MM (2005: € 442 MM)
- Effects are as follows:

  € 30 MM net effect from change of accounting treatment for impairment measurement according to IFRS (2005: € 35 MM)

  € 17 MM restructuring expenses for personnel changes 2007, 2008 and 2009 (2005: € 34 MM)

Note:

1. Excluding the net effect from change of accounting treatment for impairment measurement according to IFRS and restructuring expenses

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Effects from change of accounting treatment for impairment measurement according to IFRS 39

Hypo Group (€ MM)	Acc. change (Year)	Acc. change (Quarter)	**FY 05**[(1)]
Total operating revenues (net interest income)	+37	+9.25	946
Provisions for losses on loans and advances	+2	+0.50	151
Profit before taxes	+35	+8.75	443

Hypo Group (€ MM)	Acc. change (Year)	Acc. change (Quarter)	**FY 06**[(1)]
Total operating revenues (net interest income)	+30	+7.5	1,082
Provisions for losses on loans and advances			159
Profit before taxes	+30	+7.5	571

- A loan or receivable has to be impaired if there is objective evidence of impairment as a result of one or more events that have occurred and if that loss event has an impact on estimated future cash-flows
- In the past, a collateralised loan in default was measured by using market prices of the collateral
- Now the loan is measured by calculating the present value of the estimated cash-flows from the collateral by using the effective interest rate of the loan
- This change has been adjusted retrospectively; the net effect has been booked against the reserves/equity in the opening balance sheet as of January 1st, 2005
- Effects from change of accounting treatment for impairment measurement according to IFRS only occur at Hypo Germany level

Note:
1. Including the effects from change of accounting treatment for impairment measurement according to IFRS

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Simplified explanation of the effects brought about by the changed accounting procedure (treatment for impairment measurement)

Assumptions:

Loan[1)]	€ 100 MM
Market price of collateral	€ 80 MM
Present value of estimated cash-flows	€ 72 MM

(€ MM)

Accounting treatment for impairment measurement (old)	t_{-1}	t_0	t_{+1}
Provisions for losses on loans and advances	20		
Net interest income[2)]		-4	-4
Profit before taxes	-20	-4	-4
Allowances for losses on loans and advances (balance sheet)	20	20	20

Accounting treatment for impairment measurement (new)	t_{-1}	t_0	t_{+1}
Provisions for losses on loans and advances	28		
Net interest income[3)]		0	0
Profit before taxes	-28	0	0
Allowances for losses on loans and advances (balance sheet)	28	24	20

- In the past, a collateralised loan in default was measured by using market prices of the collateral
- Now the loan is measured by calculating the present value of the estimated cash-flows from the collateral by using the effective interest rate of the loan
- A retrospective adjustment (net effect) has to be booked against equity/reserves in the opening balance sheet
- In the sample given, € 8 MM provisions for losses on loans and advances would have been adjusted retrospectively against equity/reserves in the opening balance sheet
- In subsequent periods net interest income will be affected by an "unwinding" effect, reducing the allowances for losses on loans and advances (balance sheet)

Notes:
1. Assuming 5% interest rate, no margin, no interest payment and disposal after 2 years
2. Only refinancing costs
3. Refinancing costs compensated by "unwinding" effect

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Balance sheet overview

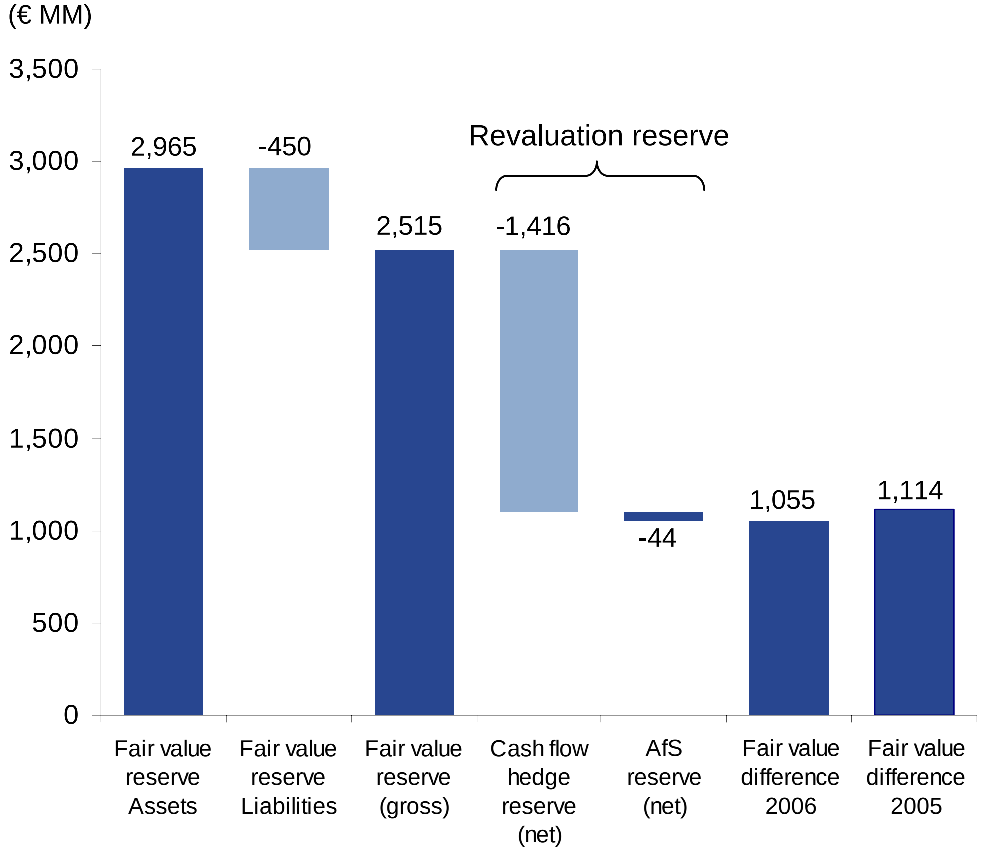
ASSETS	31.12.2006	31.12.2005	CHANGE
€ MM			**%**
Cash reserve	648	182	>+100.0
Assets held for trading purposes	11,630	5,696	>+100.0
Placements with, and loans and advances to, other banks	18,010	19,542	-7.8
Loans and advances to customers	81,602	76,294	+7.0
Allowances for losses on loans and advances	-940	-889	-5.7
Investments	41,287	39,139	+5.5
Intangible assets	69	28	>+100.0
Property, plant and equipment	46	14	>+100.0
Other assets	5,682	7,427	-23.5
Tax assets	3,559	4,906	-27.5
Total assets	**161,593**	**152,339**	**+6.1**

EQUITY AND LIABILITIES	31.12.2006	31.12.2005	CHANGE
€ MM			**%**
Deposits from other banks	24,609	22,446	+9.6
Amounts owed to other depositors	12,225	10,080	+21.3
Promissory notes and other liabilities evidenced by securities	102,511	95,333	+7.5
Liabilities held for trading purposes	5,745	3,753	+53.1
Provisions	55	57	-3.5
Other liabilities	8,551	11,967	-28.5
Tax liabilities	2,190	3,596	-39.1
Subordinated capital	2,262	2,028	+11.5
Liabilities	**158,148**	**149,260**	**+6.0**
Equity attributable to equity holders	3,445	3,079	+11.9
thereof revaluation reserve	*-1,460*	*-1,424*	*-2.5*
Minority interests	0	0	0
Equity	**3,445**	**3,079**	**+11.9**
Total equity and liabilities	**161,593**	**152,339**	**+6.1**

CONTINGENT LIABILITIES AND OTHER COMMITMENTS	31.12.2006	31.12.2005	CHANGE
€ MM			**%**
Contingent liabilities and other commitments	12,947	10,274	+26.0
Irrevocable credit commitments	11,178	7,549	+48.1

- € 9.3 Bn increase in total assets due to increased trading assets and liabilities
- € 4.3 Bn increase in deposits from other banks and amounts owed to other depositors
- € 7.2 Bn increase in liabilities evidenced by paper due to optimization of funding strategy
- Income tax assets and liabilities almost fully comprise deferred taxes
- Equity at € 4.7 Bn (excluding revaluation reserve and dividend)

Economic assessment of the cash flow hedge reserve



- The fair value assessment of assets and liabilities according to IAS 32 led to a Fair value reserve (gross) of € 2,515 MM
- The revaluation reserve of € -1,460 MM results from the fact, that within the cash-flow hedges only the market values of the derivatives are recognised, whereas the underlying business is generally still accounted at cost
- The fair value reserve of financial assets exceeds the negative revaluation reserve by € 1.1 Bn (2005: € 1.1 Bn)

Ratings – improvements reflect progress accomplished

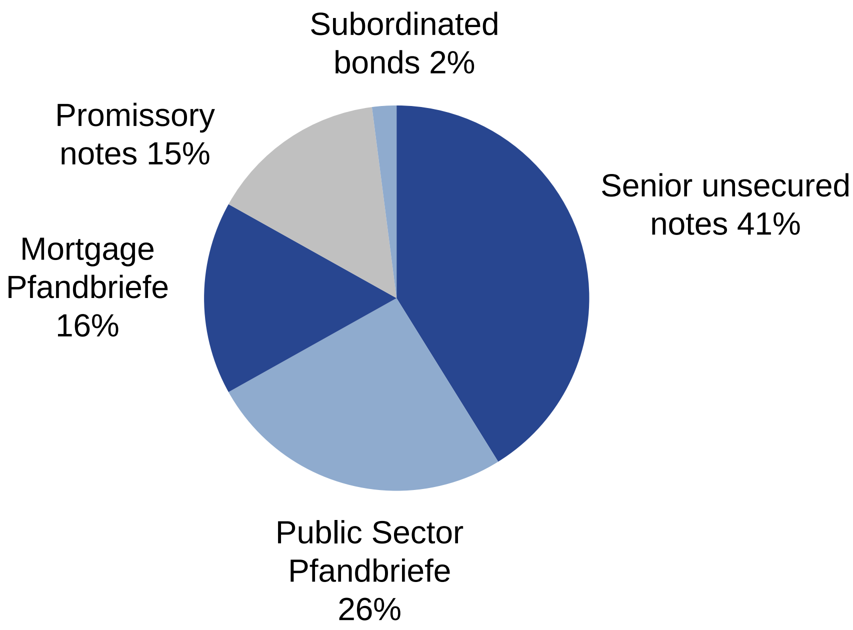
As of Dec 2006	Hypo Germany				Hypo International			Hypo Public Finance Hypo Pfandbrief Bank International (HPBI)		
	S&P	Moody's	Fitch	DBRS	S&P	Moody's	DBRS	S&P	Moody's	DBRS
Public Sector Pfandbriefe	AAA	Aa1[1]	AAA	-	AAA	Aa1[1]	-	-	-	-
Mortgage Pfandbriefe	-	Aa3[1]	AA+	-	AAA	Aa2[1]	-	-	-	-
Lettres de Gage Publique (HPBI)	-	-	-	-	-	-	-	AAA	-	-
Senior Unsecured Debt	BBB+	A3	A-	A	A-	A2	A	A-	A2	A
Short-term Debt	A-2	P-2	F2	R-1 (low)	A-2	P-1	R-1 (low)	A-2	P-1	R-1 (low)
Financial Strength	-	C-	C	-	-	C+	-	-	C	-
Outlook	Positive	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable

- Rating improvements reflect the steady progress of all operating entities over the past three years
- DBRS assigned an A Rating to Hypo Real Estate Group in July 2006
- HPBI enjoys the same Ratings as HPFB from S&P and DBRS, Moody's has not rated HPBI

Note:
1. Under Review for possible upgrade

Funding instruments and debt structure

Hypo Real Estate Bank International
DEBT STRUCTURE
Split by instruments 12/2006

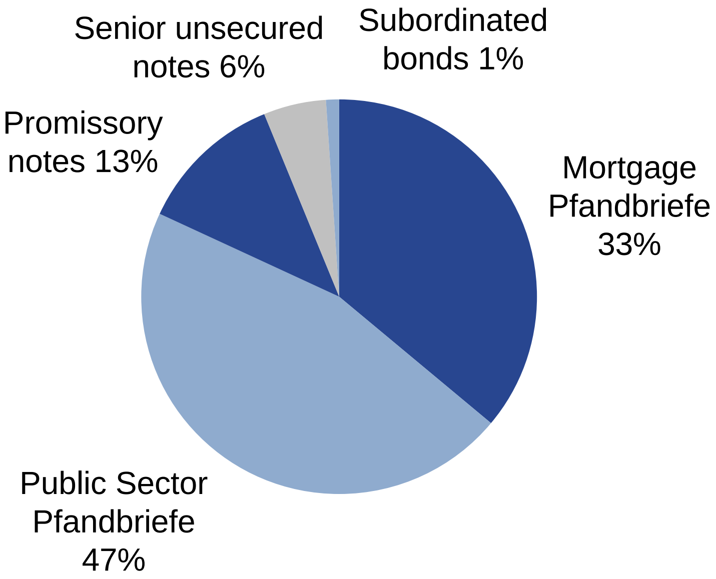


Current issuance programmes

- € 25 Bn EMTN debt issuance programme (Pfandbriefe and unsecured bonds)
- € 5 Bn ECP commercial paper programme (short term bonds)
- € 5 Bn French CD commercial paper programme (short term bonds)
- A$ 3 Bn Australian debt issuance programme (Pfandbriefe and unsecured bonds)
- $ 2 Bn US commercial paper programme (short term bonds)
- $ 2 Bn US extendible notes programme (short term bonds)
- C$ 2 Bn Canadian commercial paper programme

Funding instruments and debt structure

Hypo Real Estate Bank Germany
DEBT STRUCTURE
Split by Instruments 12/2006

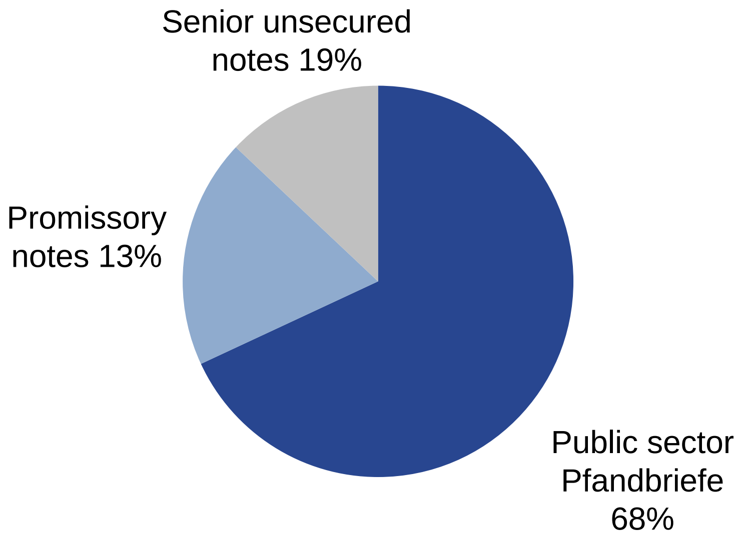


Current issuance programmes

- € 25 Bn debt issuance programme (Pfandbriefe and unsecured bonds via capital markets)
- € 5 Bn commercial paper programme (short-term bonds via money market)
- € 5 Bn French CD issuance programme

Funding instruments and debt structure

Hypo Public Finance Bank
DEBT STRUCTURE
Split by instruments 12/2006



Current issuance programmes

- € 15 Bn EMTN programme
- € 10 Bn “lettres de gage” programme (HPBI)
- € 3 Bn ECP programme
- € 2 Bn French CD programme
- € 1 Bn ECP programme (HPBI)

- GIC business acts as additional funding base (US$ 5.4 Bn outstanding as per 12/2006)

Hypo Real Estate GROUP

Funding strategy

- Capital markets appearance is strongly coordinated between all issuing entities
- Further diversification of funding sources is a key target for Hypo Real Estate Group (regions, investors, currencies, products, structures)
- Matched maturity profile for assets and liabilities to avoid structural liquidity gaps. Therefore most bonds (especially benchmarks) will have medium term maturities
- Hypo Real Estate Group is committed to transparency, continuity and flexibility
  - Bonds are priced to sell
  - Issuance according to investor's demand
- Hypo Real Estate Group employs the full range of available 'traditional' and alternative funding instruments: money market instruments, bonds, syndication, securitisation
- Hypo Real Estate Group targets a balanced mix of benchmark issues and private placements

Funding strategy (cont'd)

Focus on domestic as well as on international fixed income investors via various debt issuance programmes

	Hypo International	Hypo Germany	Hypo Public Finance	Hypo Pfandbrief Bank International
European MTN Programme	x	x	x	x
Australian MTN Programme	x			
Euro Commercial Paper Programme	x	x	x	x
French Certificats de Dépôt Programme	x	x	x	
US Commercial Paper Programme	x			
US Extendables Notes Programme	x			
Canadian Commercial Paper Programme	x			

- Funding via various foreign currency issues, such as GBP / USD / SEK / CHF / AUD / CAD / DKK / NOK / JPY/ CZK/ HKD/ SGD etc. in accordance to our loan portfolio
- USMTN – Programme planned for Q2 2007

Long-term funding (> 1y) 2007

	Hypo Germany		Hypo International		Hypo Public Finance Hypo Pfandbrief Bank Int.	
	(€ Bn)	Benchmarks	(€ Bn)	Benchmarks	(€ Bn)	Benchmarks
Mortgage Pfandbriefe	2.5 – 3.5	1	2.5 – 3.5	1-2	0	0
Public Sector Pfandbriefe	1.0 – 2.0	0	0 – 0.5	0	0	0
Lettres de Gage Publique	0	0	0	0	2.5 – 3.5	1
Senior Unsecured	2.5 – 3.5	1	4.5 – 5.5	2	2.0 – 3.0	0