Analyst Presentation

March 29, 2006

Hypo Real Estate GROUP

"Moving Forward"

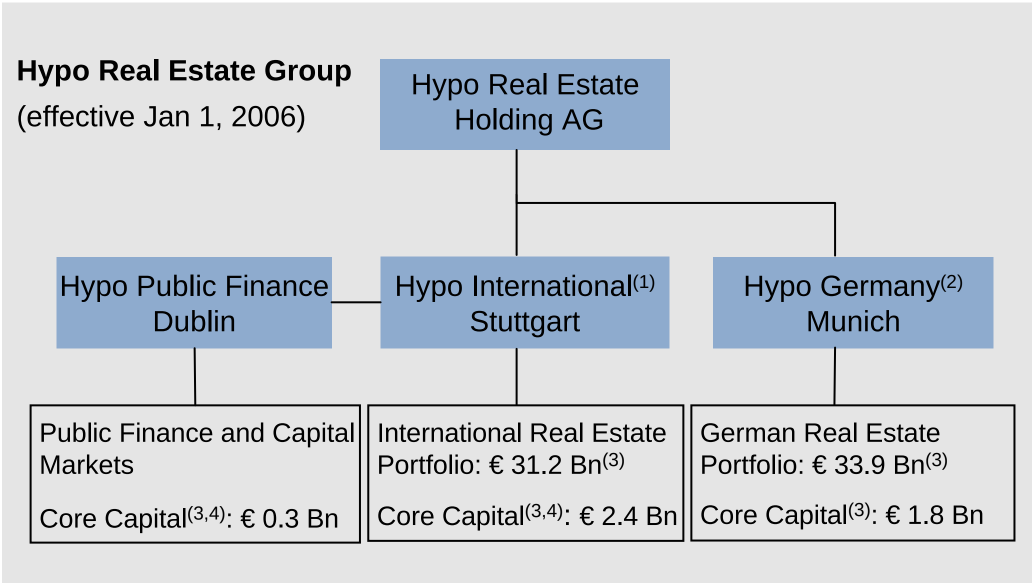
Content

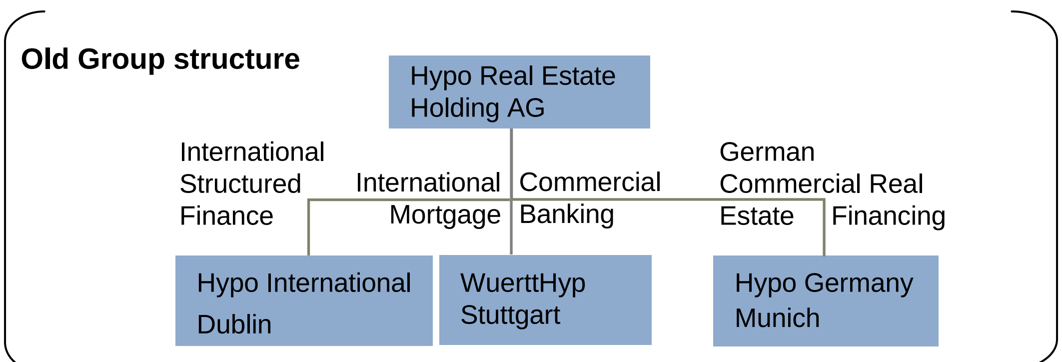
- Hypo Real Estate Group
- Hypo Real Estate Bank International
- Hypo Public Finance Bank
- Hypo Real Estate Bank Germany
- Outlook for Hypo Real Estate Group

Strong progress in 2005

- More efficient Group structure
- Role as leading international commercial real estate financier further strengthened
- High asset quality
- Higher profitability and dividend increase
- Performance acknowledged by capital markets

More efficient Group structure





- Transfer of portfolios completed as of Jan 1, 2006 (German sub- and non-performing portfolios will be transferred to Munich in the second half of 2006)
- Greater origination power and more flexibility for the customer
- Cost effective funding via extended use of Pfandbrief as well as smaller spreads on senior unsecured issues
- By 2007, cost synergies of € 25 MM will be achieved annually
- Rating agencies have acknowledged progress and have subsequently assigned WuerttHyp's rating to new Hypo International

Notes
1. Hypo Real Estate Bank International AG, formerly Hypo International and WuerttHyp
2. Hypo Real Estate Bank AG
3. As of December 31, 2005
4. Allocated capital

Hypo Real Estate GROUP

Role as leading international commercial real estate financier further strengthened

- New lending business significantly exceeded target (€ 13.5 Bn) and amounted to € 22.3 Bn:
  - Hypo International recorded new business volume of € 15.1 Bn (2004: € 9.8 Bn), driven by the key US and European markets in particular
  - WuerttHyp recorded new business volume of € 4.4 Bn (2004: € 2.5 Bn)
  - Hypo Germany recorded new business volume of € 2.8 Bn (target 2005: € 1.0 Bn)
- Optimal structure to benefit from the trend of increasing cross-border deals
- Strong competition and high market liquidity are counterbalanced through superior client service and structuring expertise
- First branch in India planned to open in Q2 2006

High asset quality

- Selective and cash-flow based underwriting policy continued. Ongoing covenant checks and immediate response to early warning signals
- Interest rate increases do not impact negatively as 85% of the portfolio is hedged
- By maintaining the strong asset quality, the geographical asset diversification has continued to increase
- At Group level, risk classes 9 and 10 amount to less than 2% of the total portfolio
- NPL coverage came to 37% for the principal[(1)] or 41% of the total claim[(2)]

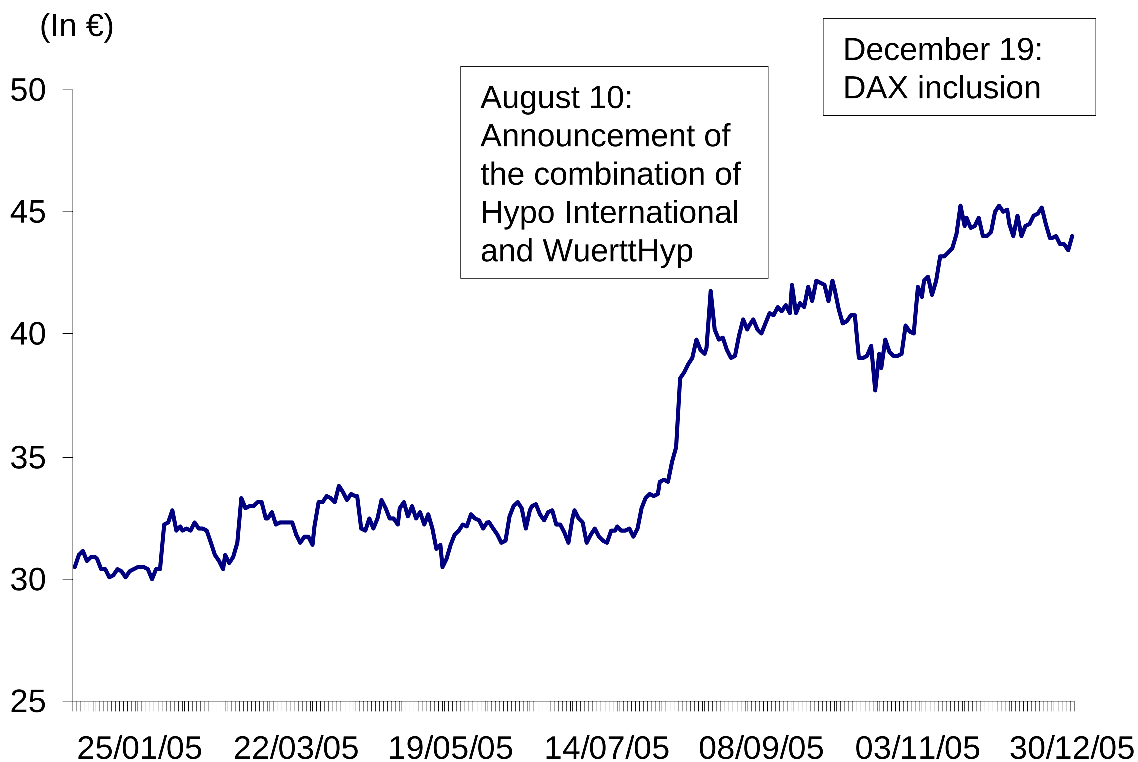
Notes

1. Individual loan-loss allowances on outstandings / RC 9+10; no non-performing loans in HI
2. Individual loan-loss allowances on outstandings and on interest / RC 9+10 and interest claim; no non-performing loans in HI

Higher profitability and dividend increase

- Profit before taxes increased by 100% to € 442 MM (excluding additional expenses of € 34 MM incurred by the reorganisation of the Group)
- Profit after taxes, excluding restructuring expenses, led to an ROE of 8.0%
- Dividend of € 1.00 per share is proposed (2004: € 0.35) – payout ratio of 42.8% significantly higher than last year's 28%

Performance acknowledged by capital markets



Source: Thomson ONE

- With a share price increase of 44.2% in 2005, the market continued to acknowledge the potential of Hypo Real Estate Group
- Relevant market capitalisation of over € 7 Bn, makes HRX the largest independent commercial real estate financier

Key financials 2005

Key Financials (IFRS) (€ MM)	2005	2004
Net interest income	685	683
Provisions for losses on loans and advances	149	276[1]
Net interest income after provisions for losses on loans and advances	**536**	**407**
Net commission income	125	94
Net trading income	27	11
Net income from investments	67	47
General administrative expenses	317	315
Balance of other operating income/expenses	5	-
Operating profit/loss	**443**	**244**
Balance of other income/expenses	-35	-23
thereof: Restructuring expenses	34	21
Net income/loss before taxes	**408**	**221**
Taxes on income[2]	95	53
Net income/loss[2]	**313**	**168**
thereof: Net income/loss attributable to equity holders	313	167
thereof: Minority interest in net income/loss	-	1
Operating revenues	**909**	**835**

- Total operating revenues increased by 9%, primarily a reflection of international business expansion
- Loan loss provisions decreased by € 127 MM, reflecting the improved asset quality and limitations of portfolio based risk provisioning
- General administrative expenses at prior year level
- In 2004 restructuring expenses incurred by the restructuring of Hypo Real Estate Bank AG

Notes

1. Including risk shelter from HVB AG of € 130 MM
2. Excluding income from deferred taxes on capitalised losses carried forward of € 46 MM in 2005 (2004: € 103 MM)

Hypo Real Estate GROUP

Quarterly development

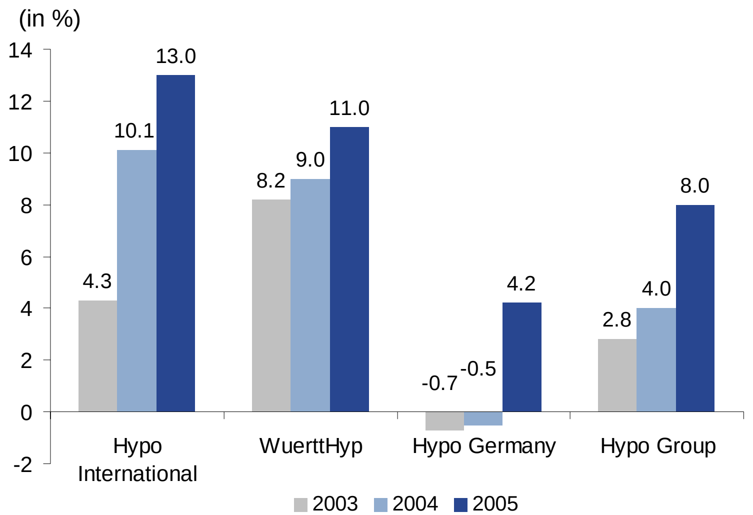
(€ MM)	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005
Total operating revenues	**220**	**210**	**225**	**233**	**241**
Net interest income	176	165	165	171	184
Net commission income	10	23	38	33	31
Net trading income	6	7	7	12	1
Net income from investments	33	11	12	16	28
Balance of other operating income/expenses	-5	4	3	1	-3
Provisions for losses on loans and advances	55[(1)]	35	36	41	37
General administrative expenses	86	73	76	79	89
Balance of other income/expenses (excl. restructuring expenses)	-13	-	-	-1	-
Net income/loss before taxes (excl. restructuring expenses)	**66**	**102**	**113**	**112**	**115**
Restructuring expenses	-	-	-	-	34
Net income/loss before taxes	**66**	**102**	**113**	**112**	**81**
Taxes on income[(2)]	18	24	30	30	11
Net income/loss[(2)]	**48**	**78**	**83**	**82**	**70**

Risk assets compliant with BIS rules (€ Bn)	51.0	51.1	52.9	53.2	56.3
Core capital ratio compliant with BIS rules (in %)	8.3[(3)]	8.2	7.9	7.8	7.8[(3)]
Employees	1,311	1,287	1,259	1,258	1,233

- Q4 strongest quarter of the year
- Total operating revenues increased gradually in 2005, following the strong international portfolio growth, despite a net reduction at Hypo Germany
- In Q4 strong growth in net interest income and net income from investments (market opportunities were taken advantage of)
- Net trading income volatile throughout the year as it is subject to fast changing market conditions
- General administrative expenses up in Q4, due to additional costs related to restructuring and bonus accruals

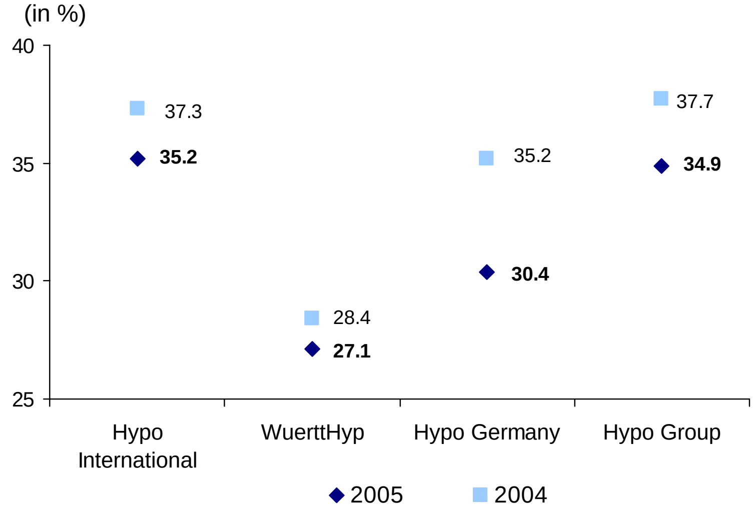
Notes
1. Including pro-rata risk shelter of € 32.5 MM from HVB AG
2. Excluding the effects from capitalised losses carried forward
3. As per approved annual financial statements and profit distribution

Strong operating leverage and strict cost control contribute to an increasing ROE



Return On Equity after taxes[1]

- Group ROE after taxes at 8.0%
- ROE at Hypo International and WuerttHyp increased considerably compared with the previous year
- Hypo Germany regained profitability in 2005



Cost Income Ratio[2]

- CIRs improved in all three segments and thus in the Group as a whole

Notes

1. Excluding the effects from capitalised losses carried forward and restructuring expenses
2. Based on operating revenues

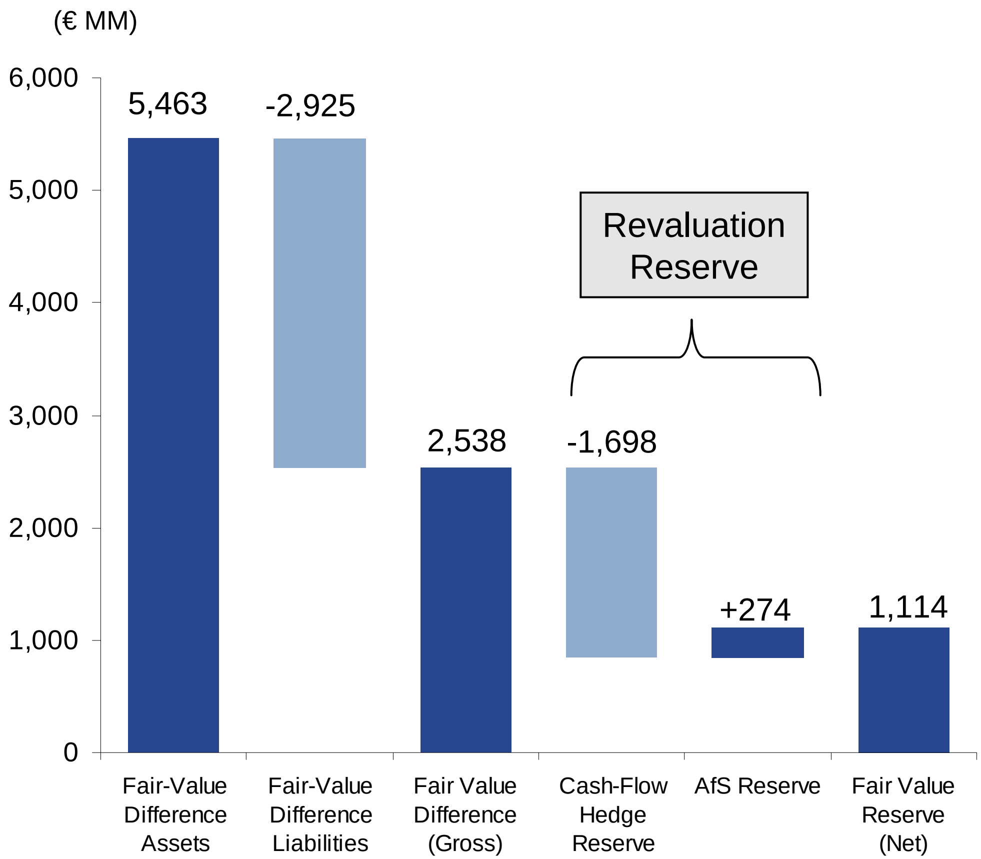
Hypo Real Estate GROUP

Balance sheet overview

ASSETS	2005	2004	CHANGE
in MM €			**in %**
Cash reserve	182	275	-33.8
Assets held for trading purposes	5,696	1,513	> 100
Placements with, and loans and advances to, other banks	19,542	21,651	-9.7
Loans and advances to customers	76,294	77,044	-1.0
Allowances for losses on loans and advances	-685	-776	11.7
Investments	39,139	36,165	8.2
Intangible assets	28	29	-3.4
Property, plant and equipment	14	15	-6.7
Other assets	7,427	7,479	-0.7
Tax assets	4,823	4,733	1.9
Total assets	**152,460**	**148,128**	**2.9**
EQUITY AND LIABILITIES	2005	2004	CHANGE
in MM €			**in %**
Deposits from other banks	22,446	18,552	21.0
Amounts owed to other depositors	10,080	8,824	14.2
Promissory notes and other liabilities evidenced by securities	95,333	99,173	-3.9
Liabilities held for trading purposes	3,753	926	> 100
Provisions	57	221	-74.2
Other liabilities	11,967	11,654	2.7
Tax liabilities	3,596	3,609	-0.4
Subordinated capital	2,028	2,297	-11.7
Liabilities	**149,260**	**145,256**	**2.8**
Equity attributable to equity holders	3,200	2,856	12.0
thereof revaluation reserve	*-1,424*	*-1,437*	*0.9*
Minority interests	-	16	-100.0
Equity	**3,200**	**2,872**	**11.4**
Total equity and liabilities	**152,460**	**148,128**	**2.9**
Contingent liabilities and other commitments	**10,274**	**7,786**	**32.0**

- € 4.3 Bn increase in total assets due to increased trading assets and liabilities
- € 5.2 Bn increase in deposits from other banks and amounts owed to other depositors
- € 3.8 Bn decrease in liabilities evidenced by paper due to optimization of funding strategy
- Income tax assets and liabilities almost fully comprise deferred taxes
- Equity (excluding revaluation reserve) at € 4.6 Bn, after € 4.3 Bn by year end 2004

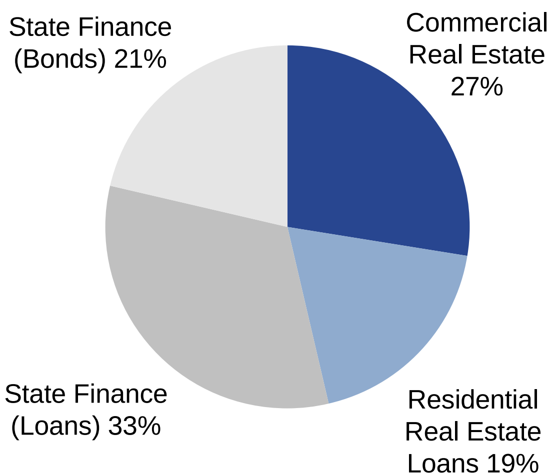
Economic assessment of the Cash-Flow Hedge Reserve



- The Fair-Value valuation according to IAS 32 led to a Fair-Value Reserve (Gross) in the financial assets of about € 2,538 MM
- The Revaluation Reserve of € -1,424 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 roughly € 1.1 Bn (2004: € 0.8 Bn)

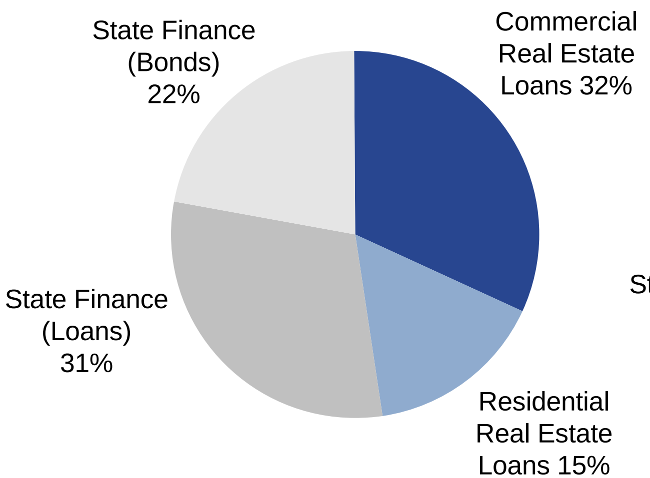
The Group portfolio increasingly comprises commercial real estate loans

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



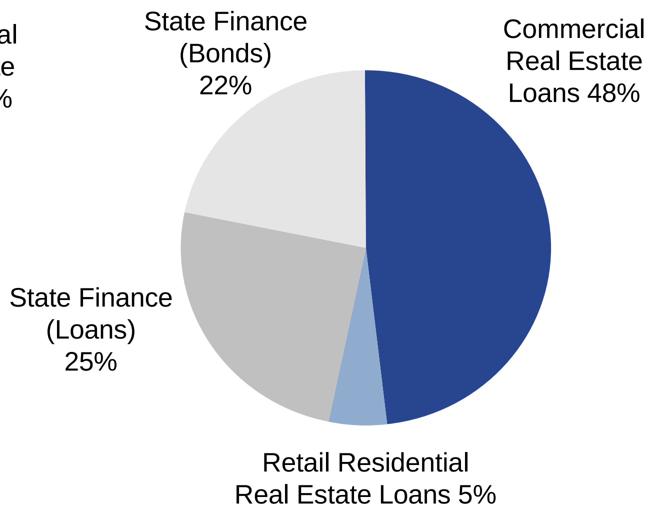
100% = € 137.5 Bn

SPLIT BY PRODUCT
Total Portfolio 12/2004[1,2]



100% = € 126.0 Bn

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

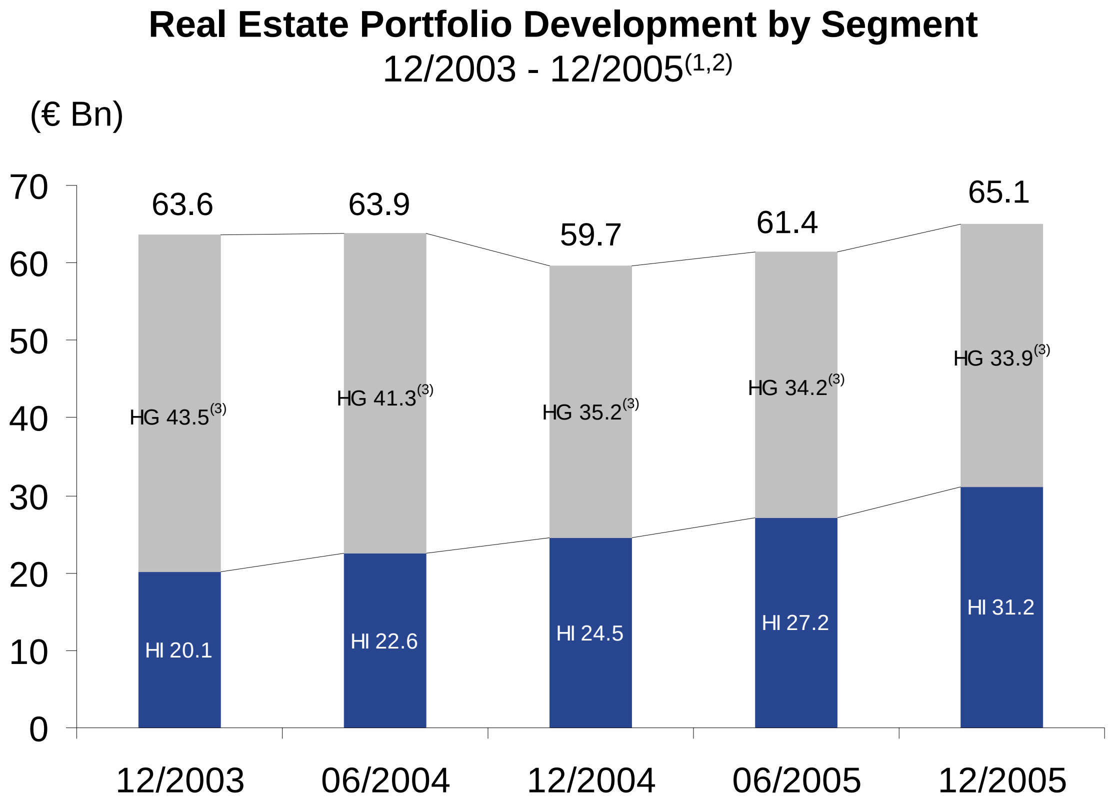


100% = € 123.2 Bn

- Increase of € 5.4 Bn in commercial real estate loans in 2005
- Reduction of € 8.2 Bn in state finance in 2005

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

Expansion of the Group portfolio



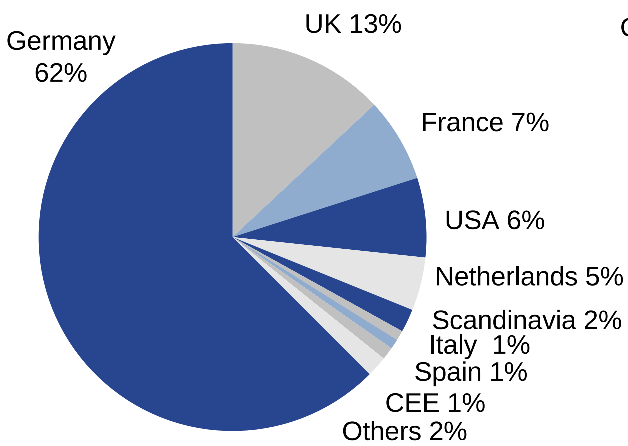
- The portfolio reduction in Hypo Germany is slowing down
- The international portfolio continued to experience strong growth (2004 vs. 2005: 27%)

Notes
1. Based on commitments (Hypo Germany 12/2003 and 12/2004 based on outstandings)
2. Internal unaudited figures
3. Figures already including WuerttHyp‘s German portfolio (sub- and non-performing portfolios will be transferred in H2 2006)

Hypo Real Estate GROUP

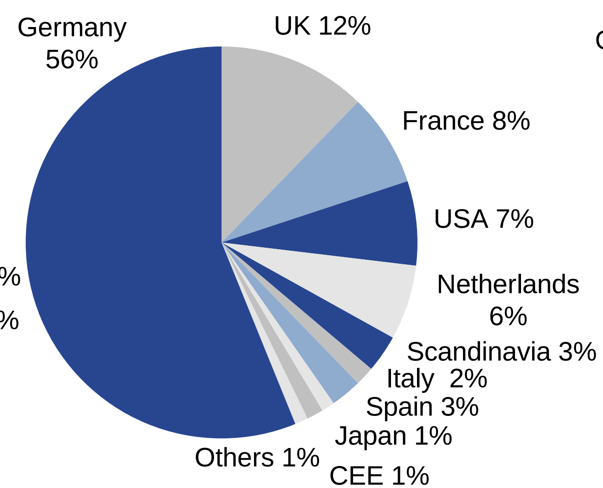
Geographical diversification has increased…

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



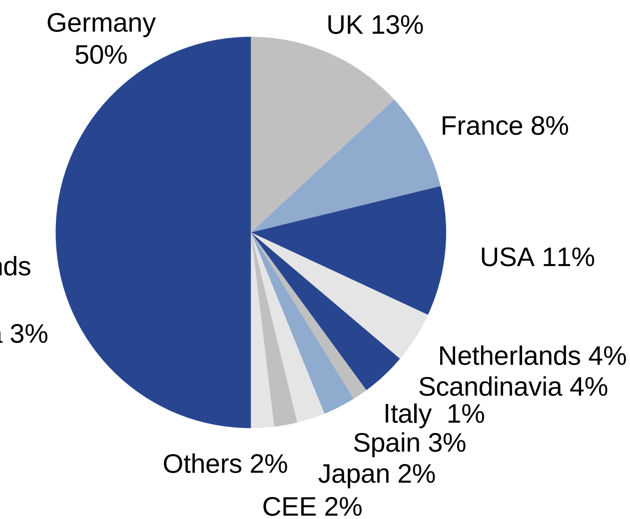
100% = € 63.6 Bn

SPLIT BY REGION
Real Estate Loan Portfolio
12/2004[1,2]



100% = € 59.7 Bn

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



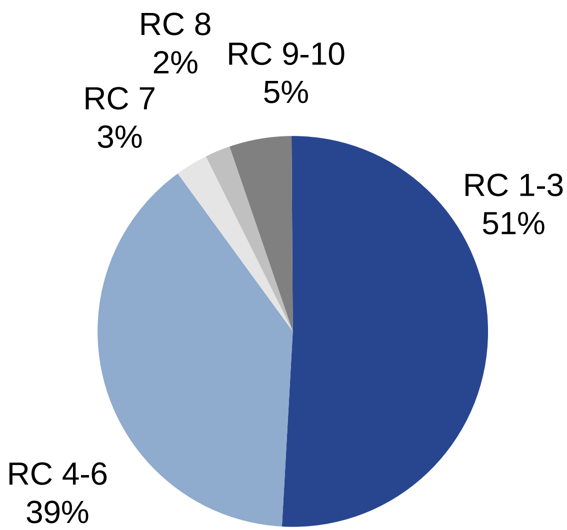
100% = € 65.1 Bn

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

Hypo Real Estate GROUP

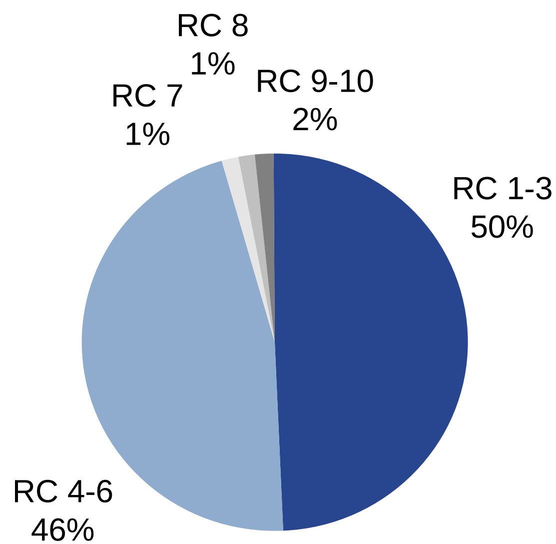
…with an overall sound asset quality

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



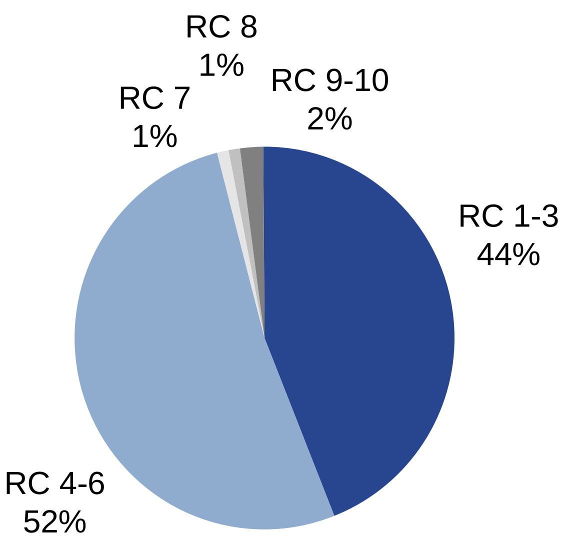
100% = € 63.6 Bn

SPLIT BY RISK CLASS
Real Estate Loan Portfolio
12/2004[1,2]



100% = € 59.7 Bn

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



100% = € 65.1 Bn

Notes

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

Hypo Real Estate Bank International

Old Hypo Real Estate Bank International
Key financials 2005

Key Financials (IFRS)		
(€ MM)	**2005**	**2004**
Net interest income	287	224
Provisions for losses on loans and advances	11	33
Net interest income after provisions for losses on loans and advances	**276**	**191**
Net commission income	135	126
Net trading income	27	11
Net income from investments	12	3
General administrative expenses	163	136
Balance of other operating income/expenses	2	1
Operating profit/loss	**289**	**196**
Balance of other income/expenses	-1	-1
Net income/loss before taxes	**288**	**195**
Taxes on income(1)	60	47
Net income/loss(1)	**228**	**148**
Total assets (€ Bn)	33	23
Tier 1 (€ MM)(2)	1,881	1,584
RWA (€ Bn)(2)	21.2	17.3
CIR (%)	35.2	37.3
LLP in Bp of total real estate loans(3)	7	26
ROE after taxes (%)(1)	13.0	10.1
Operating revenues	**463**	**365**

- Net increase of portfolio, as well as additional earnings from the “Capital Markets” segment resulted in higher operating revenues (+27%)
- IAS 39 (revised in 2003) limited portfolio-based risk-provisioning
- General administrative expenses increased (+20%) as a result of further business expansion

Notes

1. Excluding expenses from deferred taxes on capitalised losses carried forward of € 1 MM in 2005 (2004: deferred tax income of € 1 MM)
2. According to BIS
3. Credit volume (including US portfolio synthetically transfered)

Hypo Real Estate GROUP

Old Hypo Real Estate Bank International
Quarterly development

(€ MM)	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005
Total operating revenues	**89**	**102**	**109**	**128**	**124**
Net interest income	60	65	65	74	83
Net commission income	23	29	31	39	36
Net trading income	6	7	7	12	1
Net income from investments	2	-	5	2	5
Balance of other operating income/expenses	-2	1	1	1	-1
Provisions for losses on loans and advances	-9	2	-	7	2
General administrative expenses	40	37	37	42	47
Balance of other income/expenses	-1	-	-	-1	-
Net income/loss before taxes	**57**	**63**	**72**	**78**	**75**
Taxes on income(1)	15	16	20	22	2
Net income/loss(1)	**42**	**47**	**52**	**56**	**73**

Risk assets compliant with BIS rules (€ Bn)	17.3	17.8	19.9	20.2	21.2
Core capital ratio compliant with BIS rules (in %)	9.2(2)	10.1	9.1	8.9	8.9(2)
Employees	504	499	484	492	452

- Strong portfolio growth further strengthened net interest income, but operating revenues declined slightly in Q4, as net trading income fell short of plan
- Loan loss provisions remain at low level, as specific risk provisions were unnecessary
- Higher income in Q4 from the sale of securities
- General administrative expenses up in Q4, primarily resulting from additional bonus accruals

Notes
1. Excluding the effects from capitalised losses carried forward
2. As per approved annual financial statements

WuerttHyp
Key financials 2005

Key Financials (IFRS)		
(€ MM)	**2005**	**2004**
Net interest income	122	108
Provisions for losses on loans and advances	18	23
Net interest income after provisions for losses on loans and advances	**104**	**85**
Net commission income	-9	-6
Net income from investments	16	14
General administrative expenses	35	33
Balance of other operating income/expenses	-	-
Operating profit/loss	**76**	**60**
Balance of other income/expenses	-	-
Net income/loss before taxes	**76**	**60**
Taxes on income	1	1
Net income/loss	**75**	**59**
Total assets (€ Bn)	38	35
Tier 1 (€ MM)[1]	779	710
RWA (€ Bn)[1]	12.4	10.1
CIR (%)	27.1	28.4
LLP in Bp of total real estate loans	14	18
ROE after taxes (%)	11.0	9.0
Operating revenues	**129**	**116**

- Net interest income has risen due to portfolio growth and higher prepayment fees
- Loan loss provisions lower than in previous year – relevant only for German portfolio part
- General administrative expenses increased slightly over prior year but still led to a lower CIR of 27.1%

Note
1. According to BIS

Hypo Real Estate GROUP

Quarterly development

(€ MM)	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005
Total operating revenues	**32**	**32**	**32**	**29**	**36**
Net interest income	26	30	33	31	28
Net commission income	-2	-2	-2	-3	-2
Net income from investments	9	4	1	1	10
Balance of other operating income/expenses	-1	-	-	-	-
Provisions for losses on loans and advances	9	3	6	4	5
General administrative expenses	9	8	7	9	11
Balance of other income/expenses	-	-	-	-	-
Net income/loss before taxes	**14**	**21**	**19**	**16**	**20**
Taxes on income	1	2	-	2	-3
Net income/loss	**13**	**19**	**19**	**14**	**23**

Risk assets compliant with BIS rules (€ Bn)	10.1	10.5	10.6	10.7	12.4
Core capital ratio compliant with BIS rules (in %)	7.1(1)	6.8	6.8	6.7	6.3(1)
Employees	171	178	179	179	197

- Total operating revenues up in Q4, reflecting higher income following the sale of securities
- General administrative expenses rose slightly in Q4, in preparation for business transfer

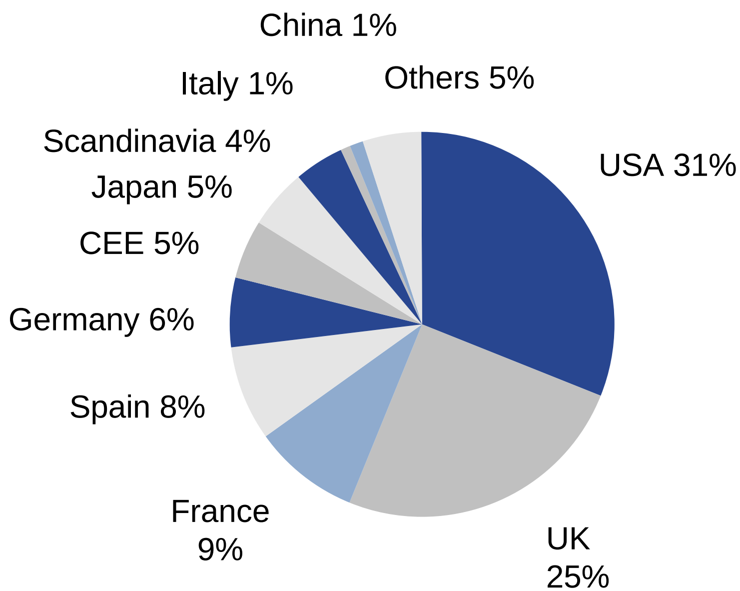
Note

1. As per approved annual financial statements

New business of € 15.1 Bn exceeded our target

SPLIT BY REGION

New Business 01/2005 - 12/2005(1,2,3)



100% = € 15.1 Bn

- € 4.9 Bn of new business in Q4 resulted in € 15.1 Bn of new lending business in 2005
- Prepayments and repayments amounted to € 10.3 Bn
- Total portfolio increase of € 5.5 Bn (including € 0.7 Bn due to currency fluctuations)
- Well balanced regional mix of new business has increased diversification
- Major regions USA, France and UK
- New business on average written at more than 140 Bp net interest margin yielding over 14% IRR (inclusive annualised fee income)

Notes

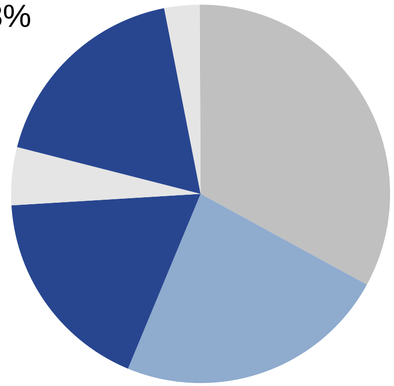
1. Excluding HPBI's new business
2. Based on commitments after syndication
3. Internal, unaudited figures

Hypo Real Estate GROUP

New business of € 4.4 Bn in 2005

SPLIT BY REGION

New Business 01/2005 - 12/2005[1,2]



100% = € 4.4 Bn

- New lending business to the value of € 4.4 Bn - a record for WuerttHyp (2004: € 2.5 Bn)
- New business was well diversified across Europe
- Prepayments and repayments of € 3.7 Bn led to a portfolio increase of € 0.7 Bn

Notes

1. Based on commitments after syndication
2. Internal, unaudited figures

Hypo Real Estate GROUP

Pro-forma key financials 2005

Key Financials (IFRS)[1] (€ MM)	2005	2004
Net interest income	384	321
Provisions for losses on loans and advances	29	56
Net interest income after provisions for losses on loans and advances	**355**	**265**
Net commission income	123	120
Net trading income	1	-
Net income from investments	25	13
General administrative expenses	156	139
Balance of other operating income/expenses	-1	1
Operating profit/loss	**347**	**260**
Balance of other income/expenses	-1	-1
Net income/loss before taxes	**346**	**259**
Taxes on income[2]	59	49
Net income/loss[2]	**287**	**210**
RWA (€ Bn)[3]	31.6	25.4
Tier I ratio (%)[3,4]	7.5	8.2
CIR (%)	29.3	30.5
ROE after taxes (%)[2,4]	12.9	10.2
Operating revenues	**532**	**455**

- Strong new business further increased operating revenues by 17%
- Loan-loss provisions remained at a low level, reflecting excellent asset quality
- Cost Income Ratio of less than 30% underlines already achieved efficiency

Notes

1. Pro-forma figures include former WuerttHyp and the lending business of former Hypo International, Dublin
2. Excluding expenses from deferred taxes on capitalised losses carried forward of € 1 MM in 2005 (2004: deferred tax income of € 1 MM)
3. According to BIS
4. Based on allocated capital

Hypo Real Estate GROUP

The new Hypo Real Estate Bank International
Pro-forma quarterly development

Key Financials (IFRS)[1] (€ MM)	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005
Total operating revenues	**109**	**123**	**129**	**135**	**145**
Net interest income	81	89	95	99	101
Net commission income	21	27	30	30	36
Net trading income	-	1	-	2	-2
Net income from investments	9	5	5	3	12
Balance of other operating income/expenses	-2	1	-1	1	-2
Provisions for losses on loans and advances	-	5	6	11	7
General administrative expenses	39	35	36	41	44
Balance of other income/expenses	-1	-	-	-1	-
Net income/loss before taxes	**69**	**83**	**87**	**82**	**94**
Taxes on income[2]	15	18	19	21	1
Net income/loss[2]	**54**	**65**	**68**	**61**	**93**

Risk assets compliant with BIS rules (€ Bn)	25.4	25.8	28.0	28.4	31.6
Core capital ratio compliant with BIS rules[3] (in %)	8.2	8.9	8.3	8.1	7.5

- Steady operating revenue growth
- Higher income from sale of securities in Q4
- General administrative expenses up in Q4, mainly as a result of additional bonus accruals

Notes
1. Pro-forma figures include former WuerttHyp and the lending business of former Hypo International, Dublin
2. Excluding the effects from capitalised losses carried forward
3. Based on allocated capital

Transaction highlights

AVIVA

€260 million

Agent & Arranger:
Acquisition Financing for
Pan European portfolio

Pan-European

express park

£46.5 million

Arranger:
Refinancing of Express Park, Bridgewater

UK

COMMERZLEASING UND IMMOBILIEN

€141 million

Arranger & Underwriter:
Acquisition Financing of Lloyd's Insurance
Building in the City of London

UK

Arab Investments Limited

£125 million

Facility Agent & Arranger:
Sharia compliant financing for the
acquisition of a Grade A office building
in Grosvenor Place, London

UK

WHITEHALL NIAM Nordic Investment Fund III

SEK 2.4 billion

Facility Arranger & Agent:
Acquisition Financing
Office portfolio in Stockholm

Sweden

Merrill Lynch O'CONNOR CAPITAL PARTNERS GENESTA

€78 million

Agent & Arranger:
Senior Loan Facility for Mixed office
/ logistic portfolio in Helsinki

Finland

The Blackstone Group International Ltd.

€24.7 million

Agent & Arranger:
Construction Financing Logistic
Warehouse in Beaune

France

€19.25 million

Co-Arranger & Co-Agent:
Acquisition Financing of a
Shopping Centre in Karlovy Vary

Czech Republic

TRUMP INTL. HOTEL AND TOWER

$537,000,000

Agent & Underwriter:
Construction Financing

LAS VEGAS, USA

WORLD MARKET CENTER - PHASE II

$370,000,000

Agent & Underwriter:
Construction Financing

LAS VEGAS, USA

PRESTON COMMONS

$67,250,000

Agent & Underwriter:
First Mortgage

DALLAS, USA

STERLING PLAZA

$47,250,000

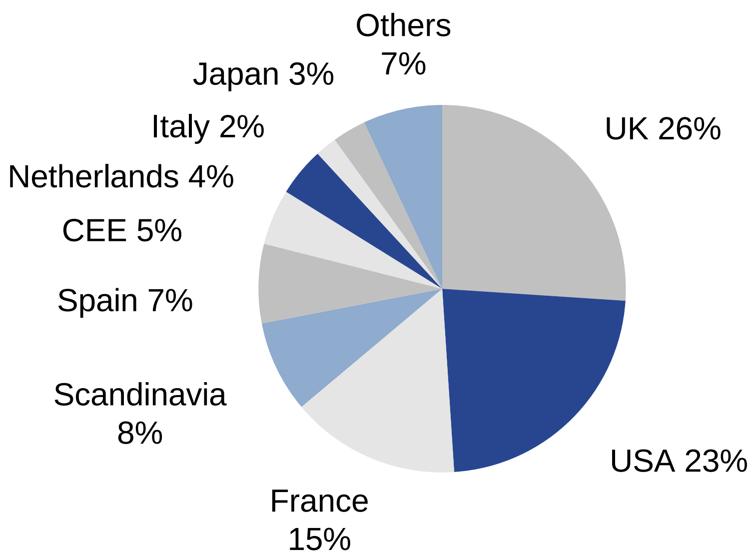
Agent & Underwriter:
First Mortgage

DALLAS, USA

High level of portfolio diversification

PRO-FORMA SPLIT BY REGION

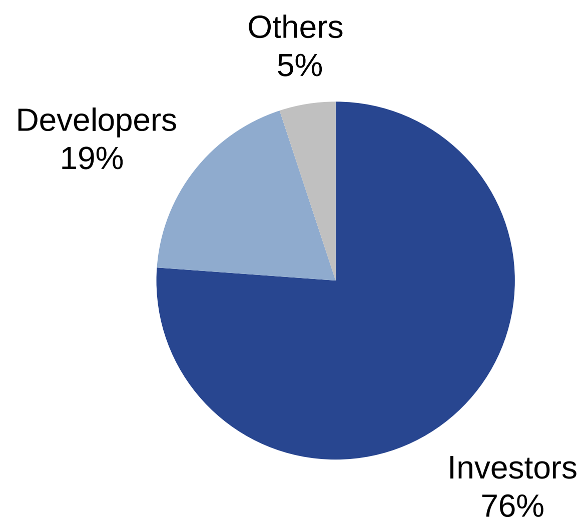
New HI Real Estate
Loan Portfolio 12/2005(1,2,3)



100% = € 31.2 Bn

PRO-FORMA SPLIT BY CUSTOMER TYPE

New HI Real Estate
Loan Portfolio 12/2005(1,2,3)



100% = € 31.2 Bn

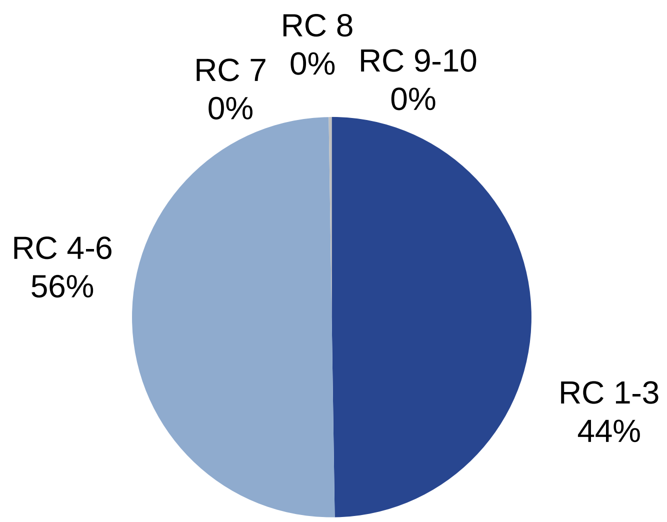
Excluding WuerttHyp's German Portfolio

Notes
1. Based on commitments
2. Internal, unaudited figures
3. Transfer of portfolios completed as of Jan 1, 2006 (sub- and non-performing portfolios will be transferred in H2 2006)

Hypo Real Estate GROUP

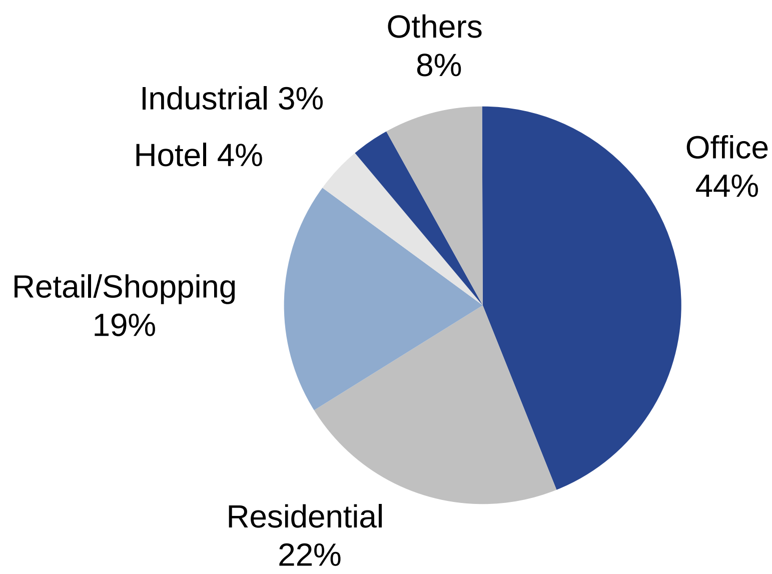
A sound and well diversified portfolio

PRO-FORMA SPLIT BY RISK CLASS
New HI Real Estate
Loan Portfolio 12/2005[1,2,3]



100% = € 31.2 Bn

PRO-FORMA SPLIT BY PROPERTY
New HI Real Estate
Loan Portfolio 12/2005[1,2,3]



100% = € 31.2 Bn

Excluding WuerttHyp's German Portfolio

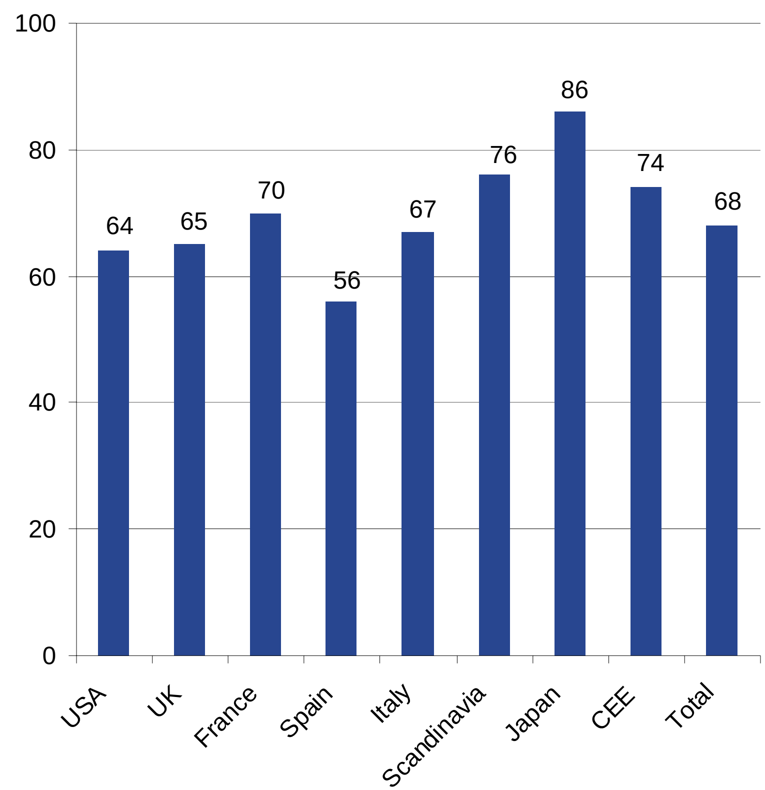
Notes

1. Based on commitments
2. Internal, unaudited figures
3. Transfer of portfolios completed as of Jan 1, 2006 (sub- and non-performing portfolios will be transferred in H2 2006)

Hypo Real Estate GROUP

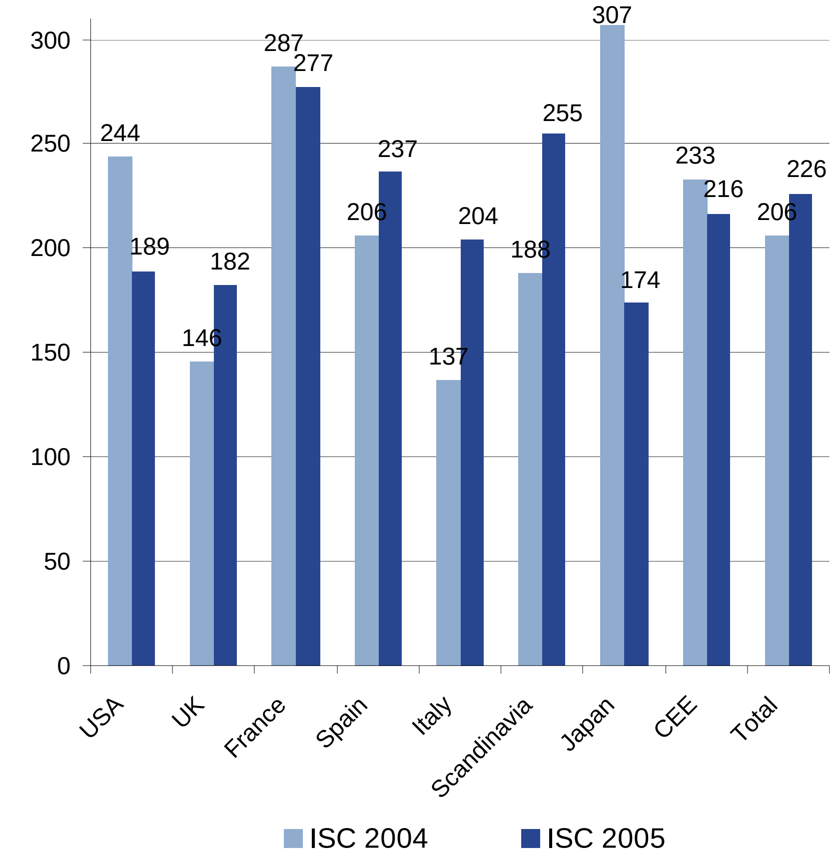
Ongoing sound Loan To Value (LTV) and Interest Service Coverage (ISC) ratios

PRO FORMA LTV PER COUNTRY 12/2005[(1)]



100% = € 24.8 Bn[(3)]

PRO FORMA ISC PER COUNTRY 12/2005[(2)]



100% = € 18.1 Bn[(4)]

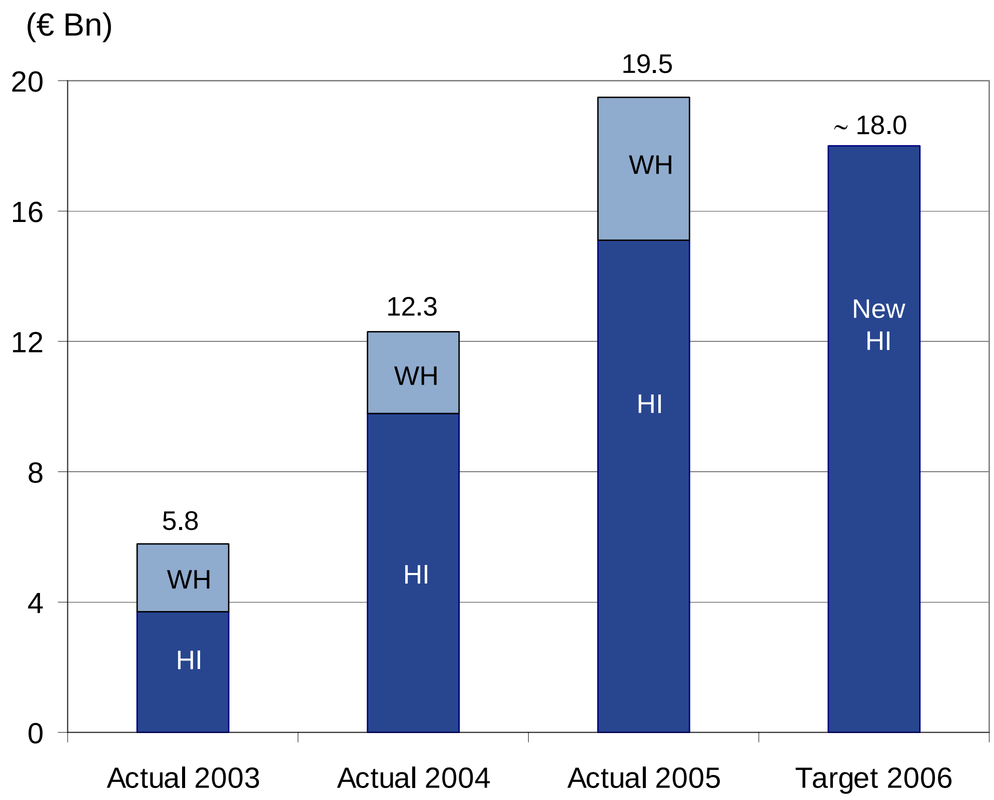
Notes

1. Based on internal, unaudited closed commitments as of 12/2005
2. Based on internal, unaudited loans outstanding as of 12/2005
3. Weighted by closed commitments, which exclude corporate loans, VAT bridge loans, guarantees, totally undrawn loans, workout loans and others
4. Weighted by loans outstanding, excluding corporate loans, construction loans, guarantees, VAT bridge loans, workout loans, others where ISC not applicable, relevant or calculable

Hypo Real Estate GROUP

New business of € 18 Bn targeted for 2006

New real estate business[1]



- Planned new business of approximately € 18.0 Bn should lead to a portfolio increase of € 4.5 to 5.5 Bn in 2006

Note

1. New business p.a. commitments after syndication

Outlook

- Real estate markets as well as deal flows are still attractive although competition is strong. The Central Banks' tendency to increase rates to offset inflation is not seen negatively as long as rates increase moderately
- The importance of the North American platform is underlined by the permanent residence of a HI board member in New York
- The European platform is continuously contributing to portfolio diversification and intends to further penetrate the CEE market
- Expansion into new markets such as Australia, South Korea and Singapore planned; Indian market entry in Q2 2006
- Hypo International aims to achieve a profit before taxes of between € 380 MM and € 410 MM in 2006

Hypo Public Finance Bank

Hypo Public Finance Bank
Pro-forma key financials 2005

Key Financials (€ MM)	2005	2004
Net interest income	25	11
Provisions for losses on loans and advances	-	-
Net interest income after provisions for losses on loans and advances	**25**	**11**
Net commission income	3	-1
Net trading income	26	11
Net income from investments	3	4
General administrative expenses	42	30
Balance of other operating income/expenses	3	-
Operating profit/loss	**18**	**-5**
Balance of other income/expenses	-	-
Net income/loss before taxes	**18**	**-5**
Taxes on income	2	-1
Net income/loss	**16**	**-4**
RWA (€ Bn)(1)	2.0	2.0
Tier I ratio (%)(1,2)	15.0	8.0
CIR (%)	70.0	120.0
ROE after taxes (%)(2)	7.9	-4.2
Operating revenues	**60**	**25**

- Operating revenues rose considerably (+140%) due to a significant increase in business activities
- General administrative expenses increased less than revenues, leading to a vastly improved CIR
- High capitalization of the segment provides the basis for the planned expansion of activities (especially infrastructure finance)

Notes
1. According to BIS
2. Based on allocated equity

Hypo Public Finance Bank
Pro-forma quarterly development

(€ MM)	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005
Total operating revenues	**13**	**11**	**12**	**22**	**15**
Net interest income	6	6	3	6	10
Net commission income	-1	-	-1	6	-2
Net trading income	6	6	7	10	3
Net income from investments	2	-1	1	-	3
Balance of other operating income/expenses	-	-	2	-	1
Provisions for losses on loans and advances	-	-	-	-	-
General administrative expenses	11	10	8	10	14
Balance of other income/expenses	-	-	-	-	-
Net income/loss before taxes	**2**	**1**	**4**	**12**	**1**
Taxes on income	1	-	1	3	-2
Net income/loss	**1**	**1**	**3**	**9**	**3**

Risk assets compliant with BIS rules (€ Bn)	2.0	2.5	2.5	2.5	2.0
Core capital ratio compliant with BIS rules[1] (in %)	8.0	8.0	8.0	8.0	15.0

- Following a strong Q3, revenues down in Q4; net interest income increased further, but net commission and trading income fall short of plan
- General administrative expenses up in Q4, resulting from the setting up of the new Public Finance Bank

Note
1. Based on allocated capital

Outlook

- Business model based on synergies between low risk public finance and high fee-based capital markets activities
- Focus on public finance projects through infrastructure finance
- HPBI[1] will continue to concentrate on OECD governments and public sector borrowers
- Continued growth in capital markets and asset management
- Hypo Public Finance Bank aims to achieve a profit before taxes of between € 25 MM and € 35 MM in 2006

Note

1. Hypo Pfandbrief Bank International

Hypo Real Estate Bank Germany

Hypo Real Estate Bank Germany
Key financials 2005

Key Financials (€ MM)	2005	2004
Net interest income	283	354
Provisions for losses on loans and advances	120	220[1]
Net interest income after provisions for losses on loans and advances	**163**	**134**
Net commission income	-1	-25
Net income from investments	39	31
General administrative expenses	98	126
Balance of other operating income/expenses	1	-2
Operating profit/loss	**104**	**12**
Balance of other income/expenses	-	-21
thereof: Restructuring expenses	-	21
Net income/loss before taxes	**104**	**-9**
Taxes on income[2]	24	1
Net income/loss[2]	**80**	**-10**
Total assets (€ Bn)	86	92
Tier 1 (€ MM)[3]	1,836	2,044
RWA (€ Bn)[3]	24.0	24.2
CIR (%)	30.4	35.2
LLP in bp of total real estate loans[4]	42	115
ROE after taxes (%)[2]	4.2	-0.5
Operating revenues	**322**	**358**

- Lower operating revenues reflect downsizing of portfolio
- Loan-loss provisions have been reduced by € 100 MM over prior year, which includes € 130 MM risk shelter from HVB
- General administrative expenses have declined by 22% due to restructuring and have led to a CIR of 30.4%

Notes
1. Including risk shelter from HVB AG of € 130 MM
2. Excluding income from deferred taxes on capitalised losses carried forward of € 14 MM in 2005 (2004: € 80 MM)
3. According to BIS
4. Excluding risk shelter from HVB AG

Hypo Real Estate GROUP

Hypo Real Estate Bank Germany
Quarterly development

(€ MM)	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005
Total operating revenues	**99**	**77**	**85**	**77**	**83**
Net interest income	90	72	68	67	76
Net commission income	-10	-3	8	-3	-3
Net income from investments	22	7	6	13	13
Balance of other operating income/expenses	-3	1	3	-	-3
Provisions for losses on loans and advances	55[1]	30	30	30	30
General administrative expenses	31	24	26	23	25
Balance of other income/expenses	-11	-	-	-	-
Net income/loss before taxes	**2**	**23**	**29**	**24**	**28**
Taxes on income[2]	2	4	7	6	7
Net income/loss[2]	**-**	**19**	**22**	**18**	**21**
Risk assets compliant with BIS rules (€ Bn)	24.2	23.4	23.0	22.8	24.0
Core capital ratio compliant with BIS rules (in %)	8.4[3]	7.9	8.0	8.1	7.7[3]
Employees	592	560	544	534	520

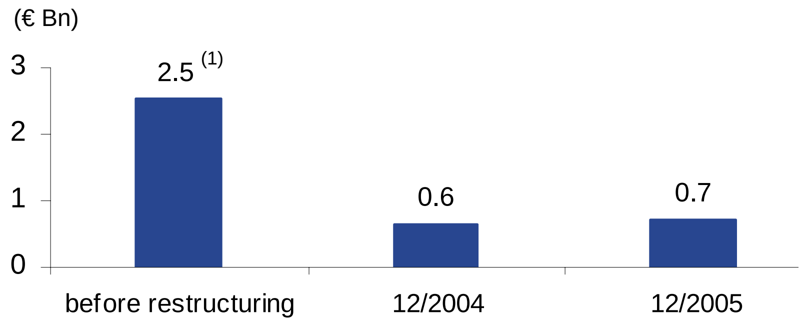
- Total operating revenues up in Q4 as net interest income increased due to higher prepayment fees
- General administrative expenses rose slightly in Q4
- Increase in RWA in Q4 reflects drawings of new business

Notes
1. Including pro-rata risk shelter of € 32.5 MM from HVB AG
2. Excluding the effects from capitalised losses carried forward
3. As per approved annual financial statements

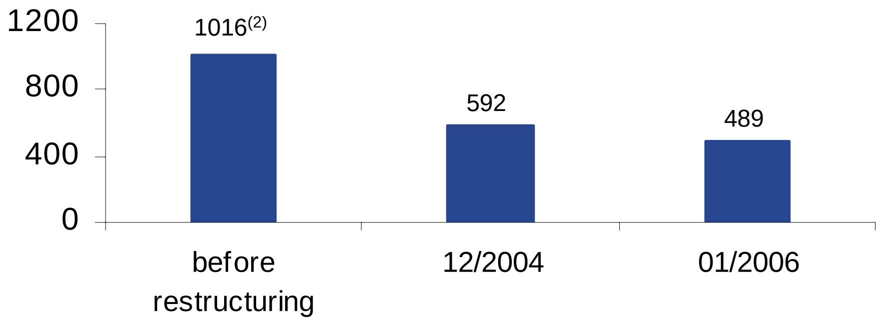
Hypo Real Estate GROUP

Improvement of the business basics

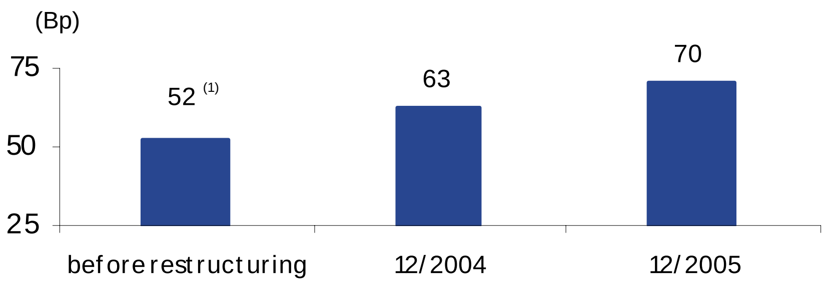
Development of Risk Classes 9+10



Workforce Development



Margin Development of Total Portfolio[3]



- Workforce halved in the last three years
- Target number of employees by mid-2006 of 450

Excluding WuerttHyp's German Portfolio

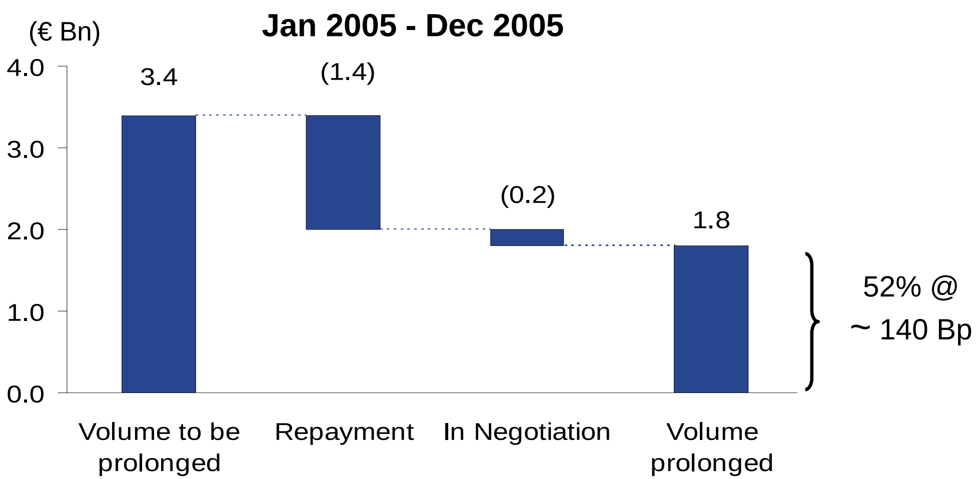
Notes

1. Based on internal, unaudited figures as of 05/2003
2. Based on 12/2002
3. Calculated blended customer interest margin without fees

Hypo Real Estate GROUP

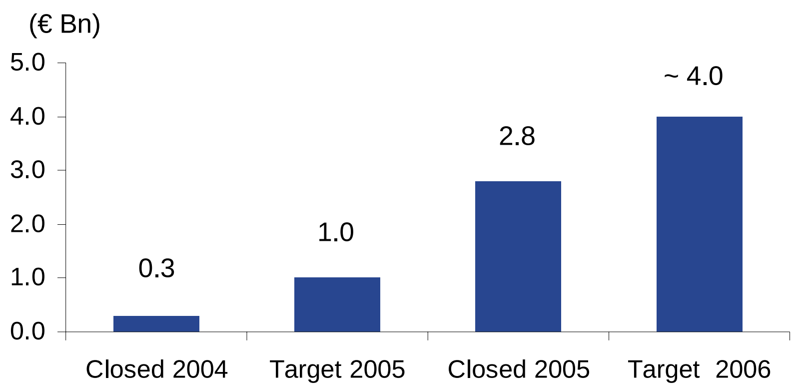
Hypo Real Estate Bank Germany

Margin improvement through prolongations and new business



- Prolongation margin of around 140 Bp is still higher than the planned 130 Bp
- 52% prolongation rate due to high repayments by housing associations in Q4. Meanwhile, prolongation rate has risen again
- 56% credit extension rate with commercial customers and 38% credit extension rate with retail customers

Overview of current new real estate finance business activities as of December 30, 2005[1,2]



- New business of € 2.8 Bn at the end of 2005
- Stable IRR of new business >12% as higher annualized fee income compensated for lower net interest margin of >110 Bp
- New business of around € 4 Bn targeted for 2006

Notes
1. Commitments after syndication
2. Internal unaudited figures

Some recent transactions

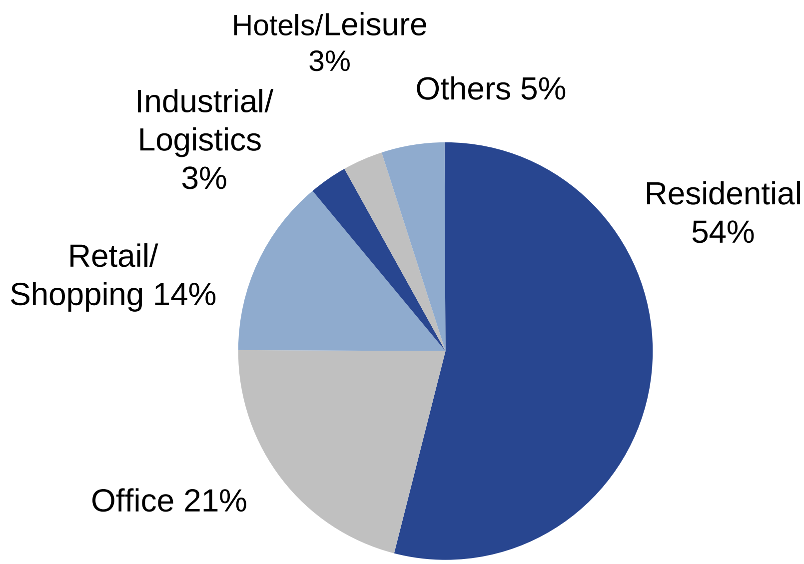
GSW	COMMERZLEASING UND IMMOBILIEN	DAIMLERCHRYSLER
€ 89.9 million	**€ 1.1 billion**	**€ 47.5 million**
Arranger & Underwriter: Refinancing a residential portfolio	Arranger & Underwriter: Project LEO – 18 properties of the state of Hesse	Co-Arranger & Underwriter: Refinancing of the office center „Hamburger Sparkasse"
Berlin	**Frankfurt**	**Hamburg**

WIWOG	THE CARLYLE GROUP	GEHAG
€ 41.0 million	**€ 38.2 million**	**€ 228.0 million**
Arranger & Underwriter: Investment loan and development loan for Office building (BMW / FMS-Bank)	Object: Acquisition Financing Office building and retail center	Arranger & Underwriter: Financing Residential Portfolio Berlin
Munich	**Hamburg**	**Berlin**

Portfolio overview including portfolio transferred from WuerttHyp

SPLIT BY PROPERTY

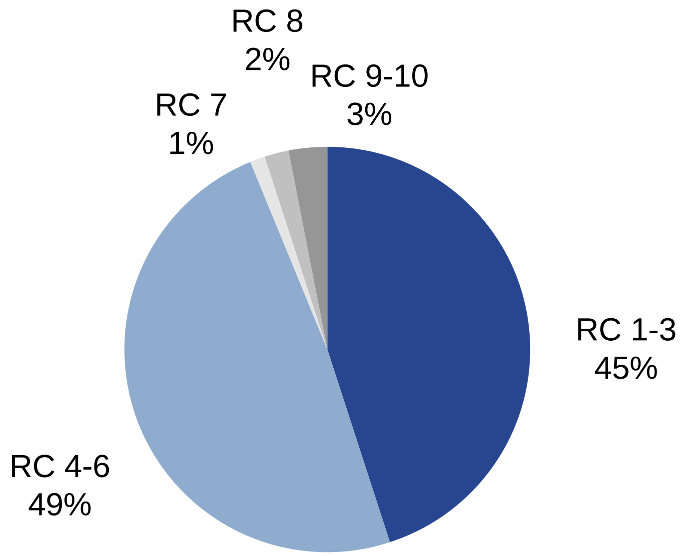
Real Estate Loan Portfolio 12/2005(1,2,3)



100% = € 33.9 Bn

SPLIT BY RISK CLASS

Real Estate Loan Portfolio 12/2005(1,2,3)



100% = € 33.9 Bn

Including WuerttHyp's German Portfolio

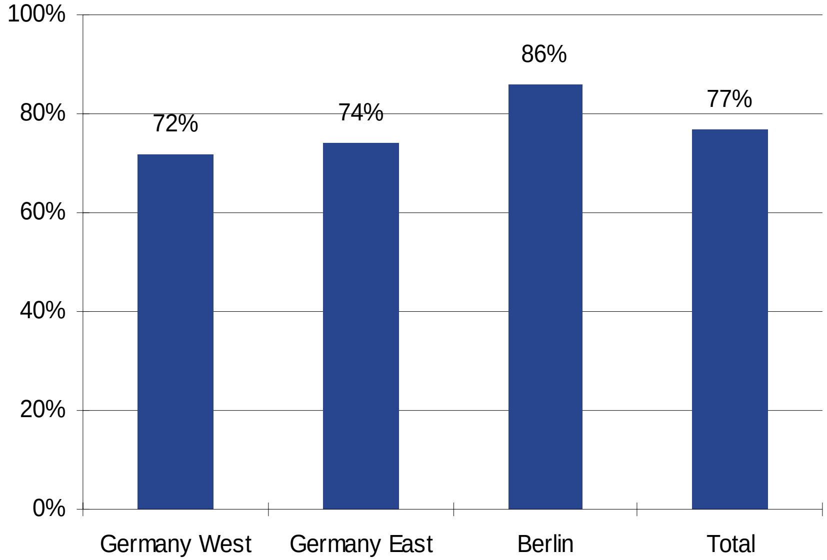
Notes

1. Based on commitments
2. Internal, unaudited figures
3. Transfer of portfolios completed as of Jan 1, 2006 (sub- and non-performing portfolios will be transferred in H2 2006)

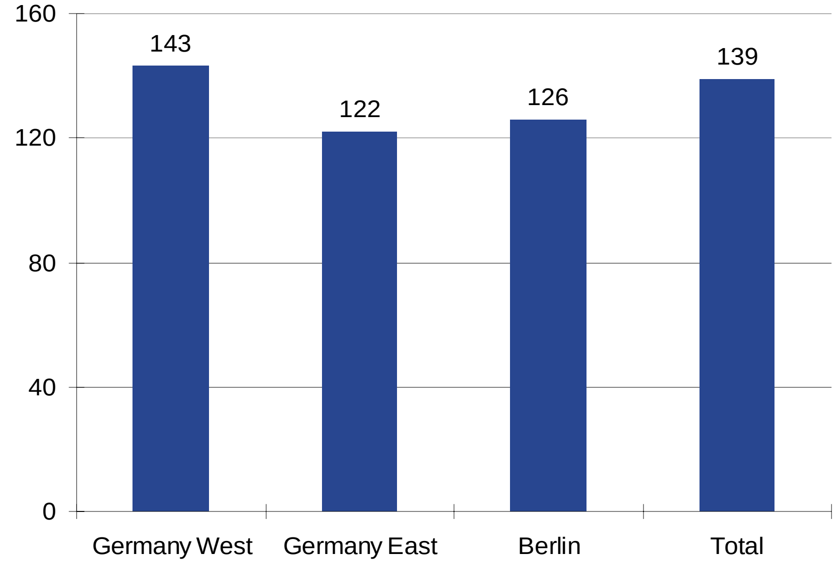
Hypo Real Estate GROUP

LTMV and DSC are strong and prove the sound quality of the portfolio

LTMV (Loan To Mortgage Value) PER REGION 12/2005(1,2)



DSC (Debt Service Coverage) PER REGION 12/2005(1)



Calculated on effective debt service of 8.4% on average

Excluding WuerttHyp's German Portfolio

Notes
1. Internal, unaudited figures, not included: retail residential, risk classes 9-10 and property developers
2. Change in methodology regarding previous year: additional collaterals (mortgages, guarantees) not considered

Outlook

- Markets are bottoming out. The situation is gradually improving in the economic centers of West and East Germany, but still proving difficult in other areas
- Deal-flow has been significantly improving in Germany - this is due to ongoing portfolio sales, sale and lease back transactions and privatizations
- Expected new business of around € 4 Bn in 2006 will further stabilize the portfolio. Despite overall positive market trends, the volume of new business depends on the level of price competition
- Profitability increase in the portfolio will continue via an increase of the average margin. Risk provisions are on the decline
- Target Profit before taxes in 2006 of € 120 MM to € 140 MM

Business plan snapshot for 2006

Key Figures		
(€ MM)	**Target 2006**	**2005**
Total Operating Revenues	*> 1000*	909
Profit before taxes	*> 530*	408(1) / 442(2)
ROE after taxes(3)	*> 9%*	7.4%(1) / 8.0%(2)
Hypo International – Profit before taxes	*≈ 380 – 410*	346
Hypo Public Finance – Profit before taxes	*≈ 25 – 35*	18
Hypo Germany – Profit before taxes	*≈ 120 – 140*	104

- Profit before taxes (excl. restructuring expenses) anticipated to grow by at least 20% in 2006
- Group's new business expected to reach the ambitious level of 2005 again, maintaining our strict risk-return profile

Notes

1. Including restructuring expenses
2. Excluding restructuring expenses
3. Excluding income from capitalised losses carried forward

Hypo Real Estate GROUP

Target ROE for 2007 of 11-12%

- Group’s target ROE of 11-12% in 2007 confirmed (HI 13-14%, HG 8-9%, HPFB 14-15%)
- Further reduction of Cost Income Ratio to below 30% in 2007 (35% in 2005)
- Our underlying business model is strong enough to finance organic growth and to pay an attractive dividend to our shareholders
  - Envisaged mid-term growth rate in capital employed for the group of about 5-6% p.a.
  - A planned stable dividend policy with a payout ratio of 40-50%

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