

Analyst Conference Call  
**November 10, 2004**

Hypo  Real Estate  
GROUP



**Results 9M 2004**  
**Dr. Markus Fell, CFO**

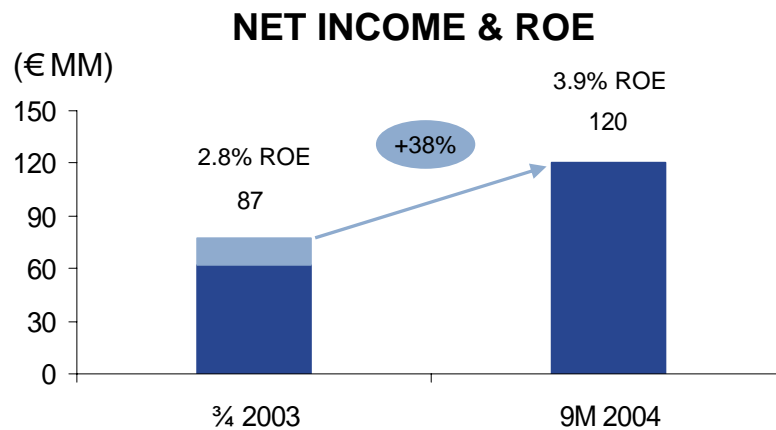
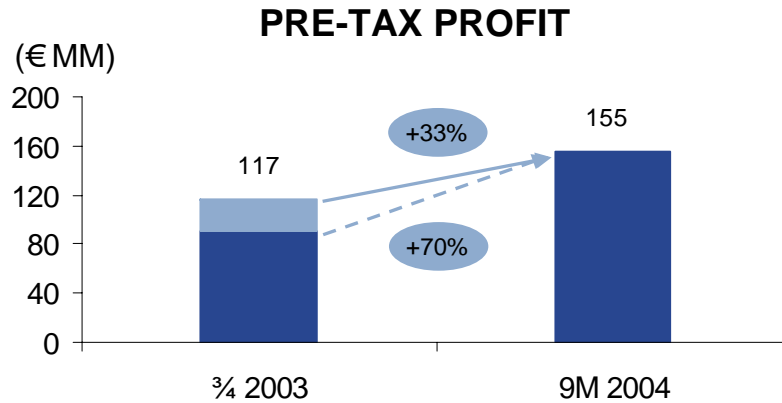
## Conference Call Details

- I Date and Time: November 10, 2004 starting at 14:00 CET
  
- I You can participate dialling:
  - + 49 (0) 69 2222 2246
  - + 44 (0) 20 7019 9523 (for participants from the UK)
  - + 1 718 354 1172 (for participants from the US)
  
- I A replay will be available until Friday under:
  - + 49 (0) 69 22222 0418
  - + 44 (0) 20 7984 7578 (for participants from the UK)
  - + 1 718 354 1112 (for participants from the US)

The required pin code is: 847637
  
- I There will be a replay on our website for 3 months: [www.hyporealestate.com](http://www.hyporealestate.com)

# Hypo Real Estate Group

## 9M 2004 pre-tax profit up 33 %



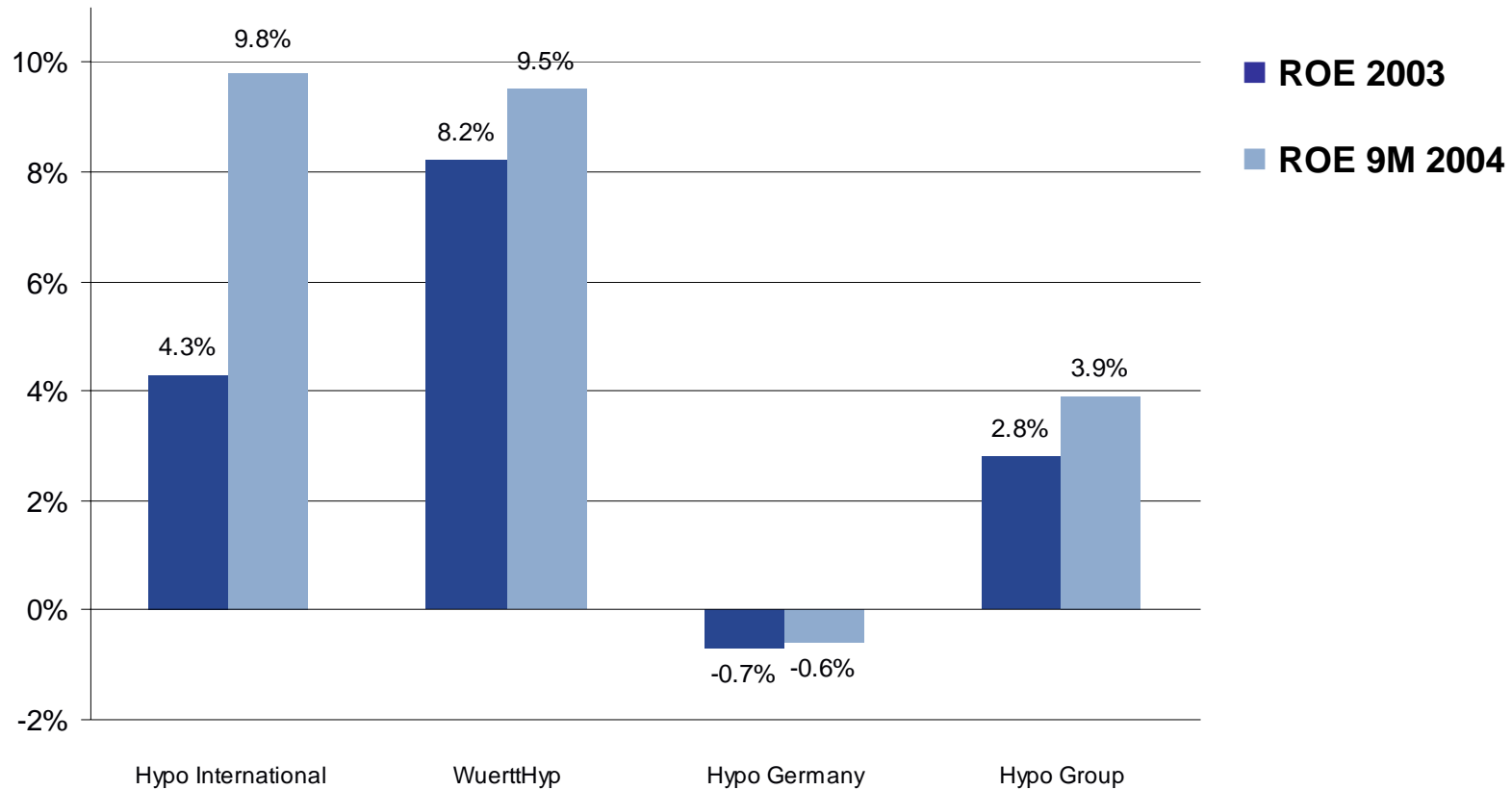
■ "Lucky-Buy" Effect WestHyp

- I Substantial increase in profitability
  - Adjusted for the € 26 MM "Lucky-Buy" effect of WestHyp in 2003 the increase in PBT would be even 70 %
- I Return on equity after taxes 3.9 %
- I On track to deliver on our targets

# Hypo Real Estate Group

## Increased profitability across all segments

### RETURN ON EQUITY DEVELOPMENT – SPLIT BY SEGMENT



# Hypo Real Estate Group

## Total operating revenues up 8.5 %

KEY FINANCIALS (IFRS)			
(€MM)	9M 2004	¾ 2003 <sup>(1)</sup>	Change (%)
Net interest income	507	506	+ 0.2
Provisions for losses on loans and advances <sup>(2)</sup>	(221)	(189)	+ 16.9
Net commission income	84	34	> + 100
<b>Total operating revenues</b>	<b>601</b>	<b>554</b>	<b>+ 8.5</b>
General administrative expenses	(229)	(195)	+ 17.4
<b>Operating result</b>	<b>151</b>	<b>170</b>	<b>- 11.2</b>
Net income from investments	14	(1)	> + 100
<b>Result of ordinary activities/net income or loss before taxes</b>	<b>155</b>	<b>117</b>	<b>+ 32.5</b>
<b>Net income/loss</b>	<b>120</b>	<b>87</b>	<b>+ 37.9</b>

- | Net interest income flat due to reduction in the German loan book combined with an increase in international lending
- | Loan loss provisions include proportional risk shelter of 97.5 MM from HVB
- | Net commission income up due to higher new business in Hypo International
- | General administrative expenses increased due to international set-up and expansion but are in line with the full-year plan
- | Excluding the pro-rata write-off of around €25 MM on the FGH-sale last year net income from investments decreased

### | 5 | Notes

1. Pro-rata financial data based on the audited annual report of Hypo Real Estate Group for fiscal year 2003
2. Including pro-rata risk shelter of €97.5 MM (€345 MM for ¾ 2003) from HVB AG

# Hypo Real Estate Group

## Return on equity of 3.9 % at the high end of our target range for 2004

KEY FINANCIALS (IFRS)		
	30.09.2004	31.12.2003 <sup>(1)</sup>
Total assets (€ Bn) <sup>(2)</sup>	151	153
Tier 1 (€ MM) <sup>(3)</sup>	4,097	4,122
Total loans (€ Bn) <sup>(2)</sup>	106	114
RWA (€ Bn) <sup>(3)</sup>	53	54
CIR (%)	38.1	35.2
LLP in bp of total loans <sup>(4)</sup>	37	63
ROE after taxes (%)	3.9	2.8

- | Total assets as well as total loan volume reduced due to fast reduction of the lending volume of Hypo Germany
- | CIR up due to decreased operating income from downsizing the portfolio at Hypo Germany
- | ROE of 3.9 % despite negative result in Hypo Germany

### | 6 | Notes

1. Financial data based on the audited annual report of Hypo Real Estate Group for fiscal year 2003
2. Including accrued interests according to IFRS
3. According to BIS
4. Annualised; excluding pro-rata risk shelter of €97.5 MM (€345 MM for ¾ 2003) from HVB AG

# Hypo Real Estate Bank International

## Profit more than doubled

KEY FINANCIALS (IFRS)			
(€MM)	9M 2004	¾ 2003 <sup>(1)</sup>	Change (%)
Net interest income	164	103	+ 59.2
Provisions for losses on loans and advances	(42)	(28)	+ 50.0
Net commission income	103	41	> + 100
<b>Total operating revenues</b>	<b>275</b>	<b>145</b>	<b>+ 89.7</b>
General administrative expenses	(96)	(48)	+ 100.0
<b>Operating result</b>	<b>137</b>	<b>69</b>	<b>+ 98.6</b>
Net income from investments	1	(4)	> + 100
<b>Result of ordinary activities/net income or loss before taxes</b>	<b>138</b>	<b>65</b>	<b>&gt; + 100</b>
<b>Net income/loss</b>	<b>106</b>	<b>43</b>	<b>&gt; + 100</b>

- | Net interest income increased substantially due to the contribution of the US portfolio and the new business. However quarterly development was affected by IAS 39 effects (mainly stand alone derivatives)
- | Risk provisioning consists only of non specific loan loss provisions
- | Higher commission income reflects the nature of the international business model
- | General administrative expenses increased due to expanding the international business
- | Net income more than doubled compared to previous year

| 7 | Note

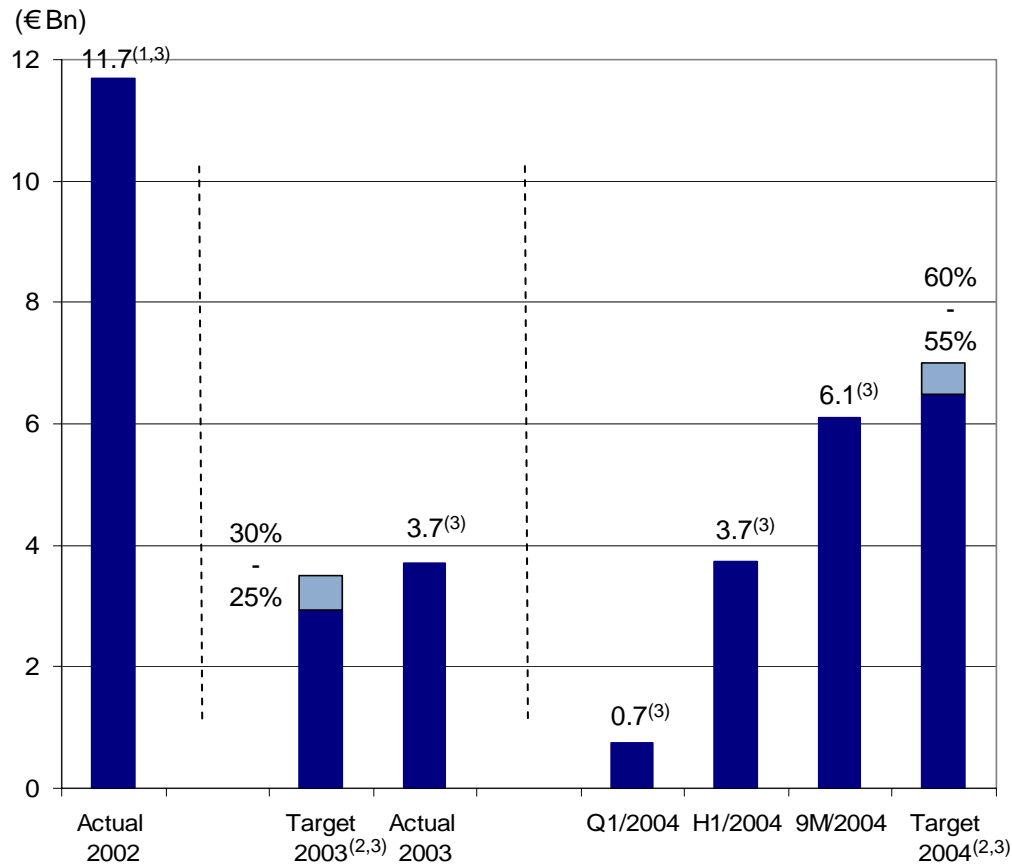
1. Pro-rata financial data based on the audited annual report of Hypo Real Estate Group for fiscal year 2003

# Hypo Real Estate Bank International

## New business well in line with the full-year plan

### HVB International Real Estate

### Hypo International



- | New business volumes above pro-rata plan
- | Opening our entities in Japan, Hong Kong and the Netherlands increases diversification
- | ROE on new business approximately 14 %
- | So far we have used the MTN-Program to the extent of € 3.5 Bn

| 8 | **Notes**

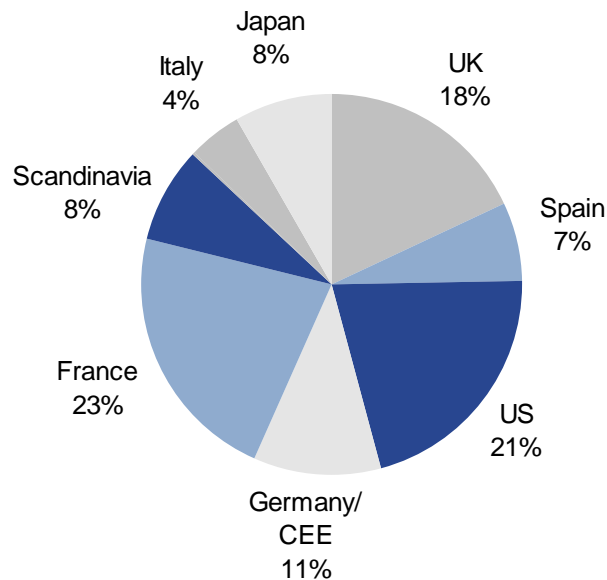
1. New business p.a. before syndication, amortization and securitization
2. As % of 2002 volume
3. Excluding PBI's new business

# Hypo Real Estate Bank International

## New business was comparably strong in France, Japan, Scandinavia and Germany/CEE

### SPLIT BY REGION

New Business 01/2004 - 09/2004



100% = €6.1 Bn <sup>(1)</sup>

- I Well balanced regional mix of new business increases diversification
- I Comparably strong new business in France, Japan, Scandinavia, and Germany/CEE
- I Major regions US, France and UK

# WuerttHyp

## WuerttHyp continues to be a stable pillar

KEY FINANCIALS (IFRS)			
(€MM)	9M 2004	¾ 2003 <sup>(1)</sup>	Change (%)
Net interest income	82	83	- 1.2
Provisions for losses on loans and advances	(14)	(19)	- 26.3
Net commission income	(4)	(3)	- 33.3
<b>Total operating revenues</b>	<b>79</b>	<b>78</b>	<b>+ 1.3</b>
General administrative expenses	(24)	(23)	+ 4.3
<b>Operating result</b>	<b>41</b>	<b>36</b>	<b>+ 13.9</b>
Net income from investments	5	5	-
<b>Result of ordinary activities/net income or loss before taxes</b>	<b>46</b>	<b>41</b>	<b>+ 12.2</b>
<b>Net income/loss</b>	<b>46</b>	<b>39</b>	<b>+ 17.9</b>

- | Pre-tax profit up 12.2 % mainly due to reduced loan loss provisions
- | By year end PBT is expected to meet the target range of € 55-60 MM
- | Due to the Profit and Loss Transfer Agreement with Hypo Real Estate Holding AG, there are no income taxes paid on the segment level

# Hypo Real Estate Bank in Germany

## Results developed sideways despite lower risk shelter

KEY FINANCIALS (IFRS)			
(€MM)	9M 2004	¾ 2003 <sup>(1)</sup>	Change (%)
Net interest income	264	315	- 16.2
Provisions for losses on loans and advances <sup>(2)</sup>	(165)	(142)	+ 16.2
Net commission income	(15)	(4)	>- 100
<b>Total operating revues</b>	<b>250</b>	<b>327</b>	<b>- 23.5</b>
General administrative expenses	(95)	(114)	- 16.7
Balance of other operating income/expenses	1	16	- 93,8
<b>Operating result</b>	<b>(10)</b>	<b>71</b>	<b>&gt; - 100</b>
Net income from investments	9	(2)	> + 100
Restructuring expenses	(10)	(65)	- 84.6
<b>Result of ordinary activities/net income or loss before taxes</b>	<b>(11)</b>	<b>(8)</b>	<b>- 37.5</b>
<b>Net income/loss</b>	<b>(10)</b>	<b>(12)</b>	<b>+ 16.7</b>

- I Net interest income is lower due to the reduced portfolio. Furthermore, last year's number includes around € 25 MM FGH dividend
- I Loan loss provisions shown after the utilization of € 97.5 MM risk shelter from HVB resulting in a gross reduction of around € 225 MM
- I General administrative expenses have been reduced due to restructuring
- I Pre-tax loss of € 11 MM includes expenses related to the portfolio sale signed in September

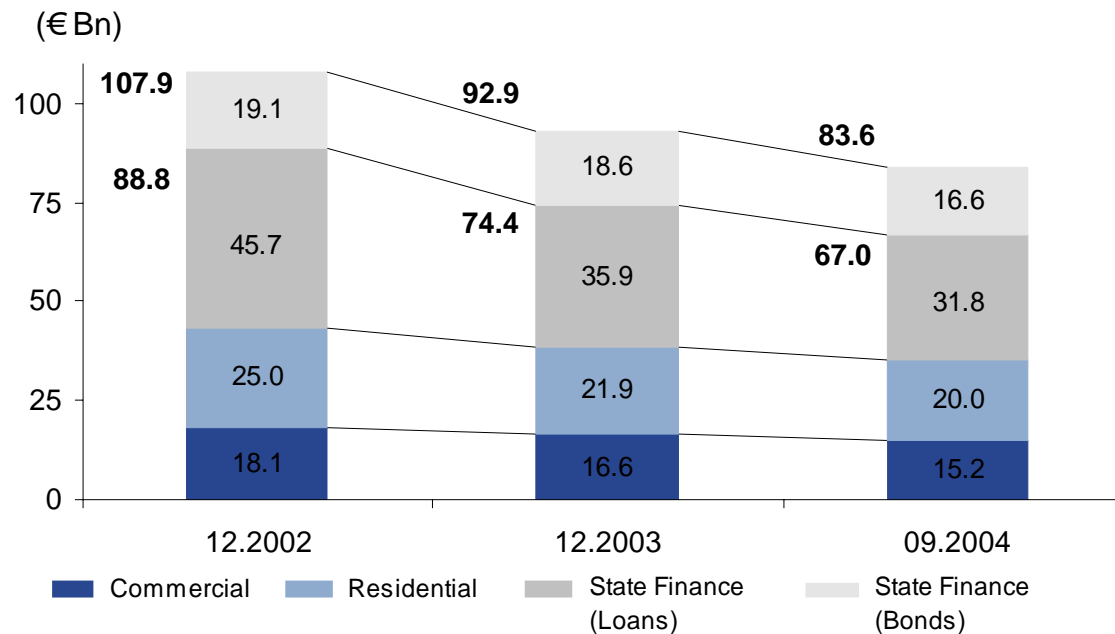
### | 11 | Notes

1. Pro-rata financial data based on the audited annual report of Hypo Real Estate Group for fiscal year 2003
2. Including pro-rata risk shelter of € 97.5 MM (€ 345 MM for ¾ 2003) from HVB AG

# Hypo Real Estate Bank in Germany

## Still well on track downsizing the low margin portfolio parts

### PORTFOLIO DEVELOPMENT 12/2002 – 09/2004<sup>(1,2,3)</sup>



- I Decrease in state finance by €6.1 Bn
  - Run-off according to maturities as planned
- I Decrease in mortgage loans by €3.3 Bn
  - Run-off according to regular repayments and prolongation rate
  - Reduction excluding the portfolio sale to Lone Star in September
  - Ahead of plan

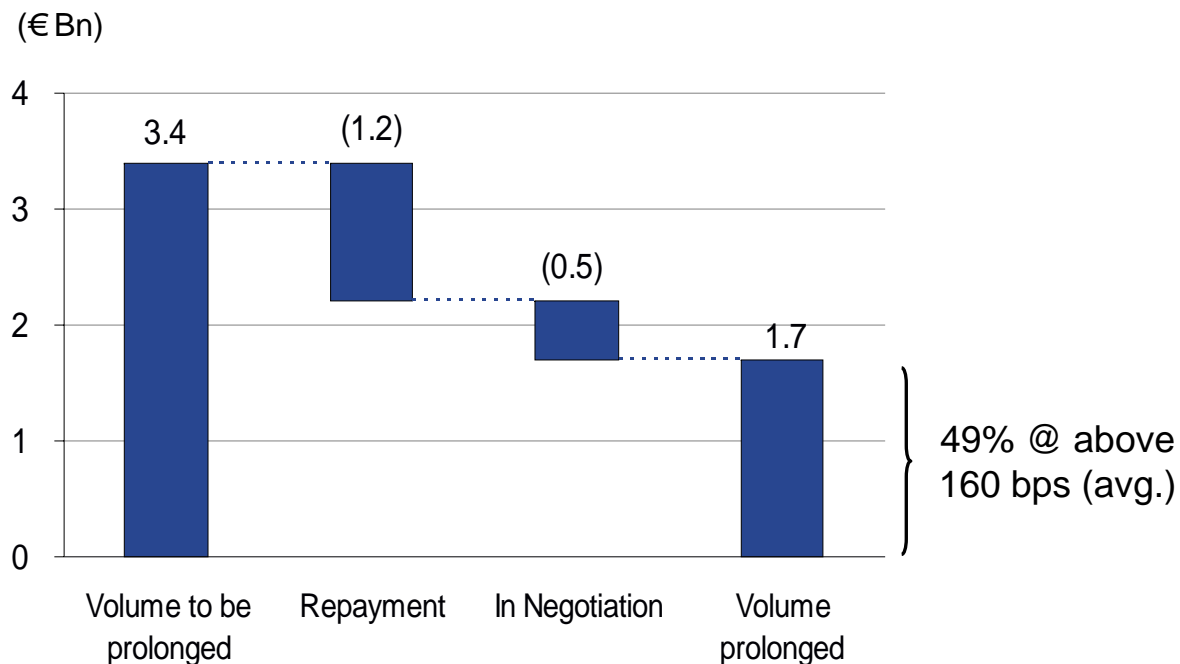
| 12 | **Notes**

1. Based on loans outstanding
2. Internal, unaudited figures as of 09/2004
3. Portfolio sale to Lone Star not reflected

# Hypo Real Estate Bank in Germany

## German conditions better than originally planned

### REAL ESTATE PROLONGATIONS JAN - SEPT 2004



I Prolongation strategy has been continued successfully:

- Prolongation rate of professional real estate business: 61%

versus

- Prolongation rate of non-strategic retail business: 16 %
- Net margin of more than 160 Bps (vs. plan of 125 Bps)

# Hypo Real Estate Group

## On track with the Business Plan for 2004

KEY FIGURES			
(€MM)	Target 2004	Target 9M/04	9M/04
Total Operating Income	≈ 790-805	≈ 593-604	601
Risk Provisions	≈ (285)-(275)	≈ (214)-(206)	(221)
General Administrative Expenses	≈ (310)-(300)	≈ (233)-(225)	(229)
Profit before tax	≈ 205-225	≈ 154-169	155
ROE after tax	≈ 3.5%-4.0%	≈ 3.5%-4.0%	3.9%
Hypo International – Profit before tax	≈ 175-185	≈ 131-139	138
WuerttHyp – Profit before tax	≈ 55-60	≈ 41-45	46
Hypo Germany – Profit before tax	≈ (20)-0	≈ (15)-0	(11)

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Back-up

# Hypo Real Estate Group

## Quarter by quarter in 2004

<b>KEY FINANCIALS (IFRS)</b>			
<b>(€MM)</b>	<b>Q1 2004</b>	<b>Q2 2004</b>	<b>Q3 2004</b>
Net interest income	166	180	161
Provisions for losses on loans and advances <sup>(1)</sup>	(71)	(75)	(75)
Net commission income	24	25	35
<b>Total operating revenues</b>	<b>191</b>	<b>208</b>	<b>202</b>
General administrative expenses	(72)	(77)	(80)
<b>Operating result</b>	<b>48</b>	<b>56</b>	<b>47</b>
Net income from investments	11	4	(1)
<b>Result of ordinary activities/net income or loss before taxes</b>	<b>55</b>	<b>59</b>	<b>41</b>
<b>Net income/loss</b>	<b>41</b>	<b>43</b>	<b>36</b>

# Hypo Real Estate Bank International

## Quarter by quarter in 2004

<b>KEY FINANCIALS (IFRS)</b>			
<b>(€MM)</b>	<b>Q1 2004</b>	<b>Q2 2004</b>	<b>Q3 2004</b>
Net interest income	50	61	53
Provisions for losses on loans and advances	(11)	(16)	(15)
Net commission income	32	30	41
<b>Total operating revenues</b>	<b>83</b>	<b>93</b>	<b>99</b>
General administrative expenses	(26)	(32)	(38)
<b>Operating result</b>	<b>46</b>	<b>45</b>	<b>46</b>
Net income from investments	-	3	(2)
<b>Result of ordinary activities/net income or loss before taxes</b>	<b>46</b>	<b>48</b>	<b>44</b>
<b>Net income/loss</b>	<b>33</b>	<b>39</b>	<b>34</b>

# WuerttHyp

## Quarter by quarter in 2004

<b>KEY FINANCIALS (IFRS)</b>			
<b>(€MM)</b>	<b>Q1 2004</b>	<b>Q2 2004</b>	<b>Q3 2004</b>
Net interest income	26	28	28
Provisions for losses on loans and advances	(5)	(4)	(5)
Net commission income	(4)	(1)	1
<b>Total operating revenues</b>	<b>22</b>	<b>27</b>	<b>30</b>
General administrative expenses	(8)	(7)	(9)
<b>Operating result</b>	<b>9</b>	<b>16</b>	<b>16</b>
Net income from investments	7	-	(2)
<b>Result of ordinary activities/net income or loss before taxes</b>	<b>16</b>	<b>16</b>	<b>14</b>
<b>Net income/loss</b>	<b>16</b>	<b>16</b>	<b>14</b>

# Hypo Real Estate Bank in Germany

## Quarter by quarter in 2004

KEY FINANCIALS (IFRS)			
(€MM)	Q1 2004	Q2 2004	Q3 2004
Net interest income	91	91	82
Provisions for losses on loans and advances <sup>(1)</sup>	(55)	(55)	(55)
Net commission income	(4)	(4)	(7)
<b>Total operating revenues</b>	<b>87</b>	<b>88</b>	<b>75</b>
General administrative expenses	(33)	(34)	(28)
<b>Operating result</b>	<b>(1)</b>	<b>(1)</b>	<b>(8)</b>
Net income from investments	4	2	3
<b>Result of ordinary activities/net income or loss before taxes</b>	<b>(1)</b>	<b>0</b>	<b>(10)</b>
<b>Net income/loss</b>	<b>(1)</b>	<b>(6)</b>	<b>(3)</b>

| 21 | **Note**

1. Including pro-rata risk shelter of €32.5 MM from HVB AG for each quarter