

Results Q2 2010

APPENDIX

Investor Relations Presentation

August 13, 2010

Agenda

Appendix

Financials

Portfolio

pbb Deutsche Pfandbriefbank

New business

Public Sector Cover Pool

Mortgage Cover Pool

Ratings

New business segments implemented in 2010, reflecting the new strategy and business model

Corporate segments	Public Sector Finance (PSF) ¹	Real Estate Finance (REF)	Value Portfolio (VP) ²	Consolidation & Adjustments (C&A)
Business areas	Product & Portfolio Management (PPM)	Germany	Value Portfolio Europe/RoW	
	Public Sector Clients (PSC) ³	International	Value Portfolio Americas	
			Infrastructure Finance	
Portfolio composition	Public Sector cover pool ⁴ (German 'Pfandbrief')	Mortgage cover pool (German 'Pfandbrief')	Capital Markets & Asset Management	Consolidation
		Non cover pool eligible REF portfolio	DEPFA Public Finance business (incl. ACS, LdG)	Certain special non-assignable items
		Non-strategic portfolios		
		CDOs, CMBS/RMBS		
		Infrastructure Finance		
		Locked-in carry trades		

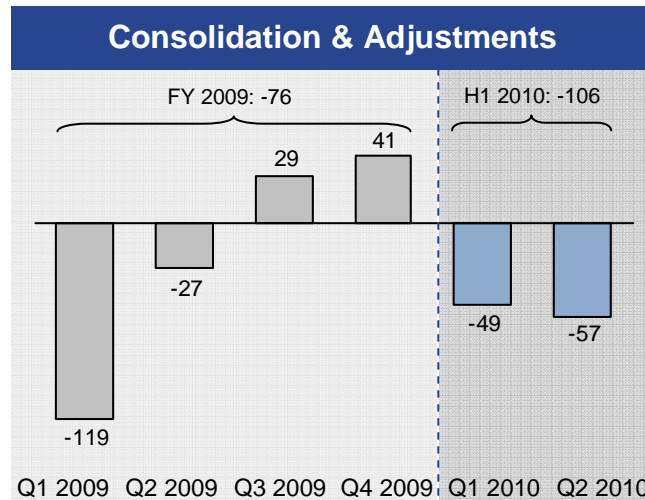
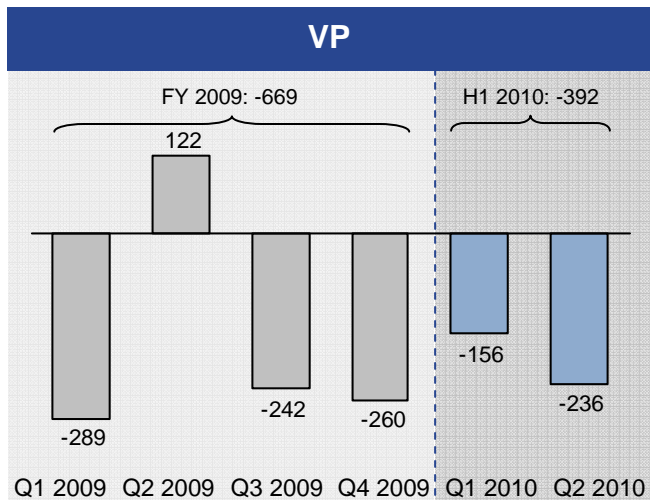
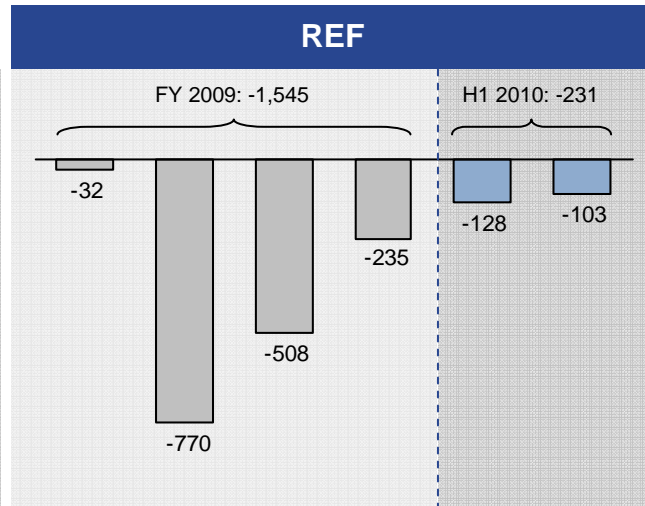
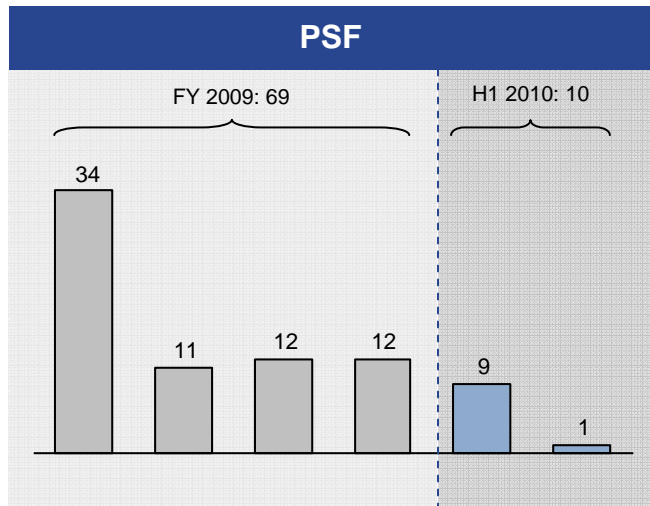
Establishment of a 'deconsolidated environment' with potential impact on segment structure

1 Incl. Treasury Money Market result of pbb Deutsche Pfandbriefbank
3 Incl. Treasury result of DEPFA and legacy funding costs

2 No portfolio and IFRS P&L segmentation
4 Incl. over-collateralisation

Segment performance

Pre-tax profit EUR millions



- ▶ Public Sector Finance (PSF) – in 2010 pre-tax profit less benefiting from money market conditions as well as US liquidity lines drawn by customers
- ▶ Real Estate Finance (REF) – pre-tax loss driven by additions to loan-loss provisions – however, less additions required in 2010
- ▶ Value Portfolio (VP) – pre-tax loss primarily affected by expenses for SoFFin liquidity support as well as counterparty risk adjustments on customer derivatives and market value adjustments on Halcyon and Pegasus portfolios
- ▶ Consolidation & Adjustments (C&A) mainly includes special items such as the HRE Holding result as well as income and expenses not relating to the operating business segments

Balance sheet (IFRS) – assets and liabilities identified for transfer to HRE’s ‘Abwicklungsanstalt’ have been classified as ‘disposal group’

Disposal group	
Assets	30.06. 2010
Book value in EUR millions	
Trading assets	3,107
Loans and advances to other banks	13,188
Loans and advances to customers	108,577
Allowances for losses on loans and advances	-2,875
Financial investments	71,972
Other assets	260
Total	194,229

- ▶ On July 8, the Financial Market Stabilisation Agency (FMSA) formally established a deconsolidated environment (‘Abwicklungsanstalt’) for HRE Group pursuant to section 8a FMStFG – a public law institution, which has been founded under the name of ‘FMS Wertmanagement’
- HRE submitted an application for the establishment of such an ‘Abwicklungsanstalt’ in January 2010 with the intention of transferring non-strategic assets and risk positions
- ▶ Public Sector Finance portfolio contains assets, sovereign or sub-sovereign borrowers with high credit quality but a low market valuation at present
 - ▶ Parts of the Real Estate Finance portfolio are being affected by the difficult climate in this segment at present
 - ▶ Structured products and trading positions which are exposed to higher default risks and for which impairments have been recognised, where necessary, or which have been included in net trading income
 - ▶ Derivative positions which mainly constitute hedges and hedge asset as well as liability positions
 - ▶ Plans are being discussed to transfer not only assets but also selected refinancing funds – no plans for transferring unsecured refinancing or Pfandbriefe or other covered bonds of group companies for refinancing purposes
 - ▶ The concept envisages that the Group entities will support the portfolios and provide further services for FMS Wertmanagement

Disposal group	
Equity and liabilities	30.06. 2010
Book value in EUR millions	
Liabilities to other banks	203
Liabilities evidenced by certificates	19,983
Trading liabilities	743
Deferred income tax liabilities	640
Total liabilities	21,569
Revaluation reserve	-4,080
AfS reserve	-3,874
Cash flow hedge reserve	-206
Equity	-4,080
Total equity and liabilities	17,489

- ▶ The transfer is scheduled to take place during the second half of 2010, assuming that all necessary approvals have been obtained (FMSA and EU) – FMS Wertmanagement will thereby become the beneficial owner of the financial instruments
 - ▶ In general, the financial instruments will be transferred to FMS Wertmanagement in the form of a true sale (title is being transferred directly)
 - ▶ If a true sale is not possible as a result of legal or operational restrictions, they will be transferred by way of granting sub-participations (beneficial ownership is being transferred)
 - ▶ If such transfers cannot be carried out as a result of legal or technical restrictions, offsetting transactions will be concluded with FMS Wertmanagement in exceptional cases in order to transfer the market and/or liquidity risks. Such offsetting transactions do not qualify for de-recognition in accordance with IAS 39.17 et seq.
 - ▶ In return for transferring the financial instruments to FMS Wertmanagement, HRE will acquire a claim for compensation from FMS Wertmanagement
 - ▶ In addition, SoFFin in its capacity as the indirect, sole shareholder of HRE will obtain shares in FMS Wertmanagement
- ▶ Accordingly, as of 30.06.2010, HRE has classified all assets and liabilities identified for transfer as ‘disposal group’ in accordance with IFRS 5
- ▶ However, the actual assets and liabilities which are transferred may differ from those mentioned

Agenda

Appendix

Financials

Portfolio

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New business

Public Sector Cover Pool

Mortgage Cover Pool

Ratings

Problem and watchlist loans¹

EUR millions

'Old' segmentation	12/2008	12/2009	03/2010
Total problem loans	4,979	10,346	10,400
Workout loans	754	995	786
CRE	495	918	708
Germany	379	332	322
US	48	194	196
UK	0	203	0
Spain	0	151	152
Scandinavia	68	38	38
PS&IF	259	77	78
Lehman Brothers	70	11	11
Icelandic Banks	59	34	34
Restructuring loans	4,225	9,351	9,614
CRE	3,723	8,024	7,953
Germany	1,167	2,222	2,170
US	509	2,105	2,349
UK	584	1,356	1,376
Spain	845	700	731
Scandinavia	173	293	208
PS&IF	502	1,327	1,661
Student loans	376	327	349
Total watchlist loans	1,238	4,221	4,928

'New' segmentation	03/2010	06/2010
Total problem loans	10,400	10,917
Workout loans	786	824
REF	708	714
Germany	322	309
US	196	215
UK	0	0
Spain	152	152
Scandinavia	38	38
PSF	0	0
VP	78	110
Lehman Brothers	11	12
Icelandic Banks	34	64
Restructuring loans	9,614	10,093
REF	7,953	8,607
Germany	2,170	2,182
US	2,349	2,640
UK	1,376	1,647
Spain	731	532
Scandinavia	208	212
PSF	0	0
VP	1,661	1,486
Student loans	349	529
Total watchlist loans	4,928	6,003

'Problem loans' { 'Workout loans' = only deals, which are in foreclosure
 { 'Restructuring loans' = payments overdue >90 days or other criteria acc. to respective policy

'Watchlist loans' = payments overdue >60 days or other criteria acc. to respective policy

1 Financials

2 Portfolio

3 pbb Deutsche Pfandbriefbank

New business
Public Sector Cover Pool
Mortgage Cover Pool

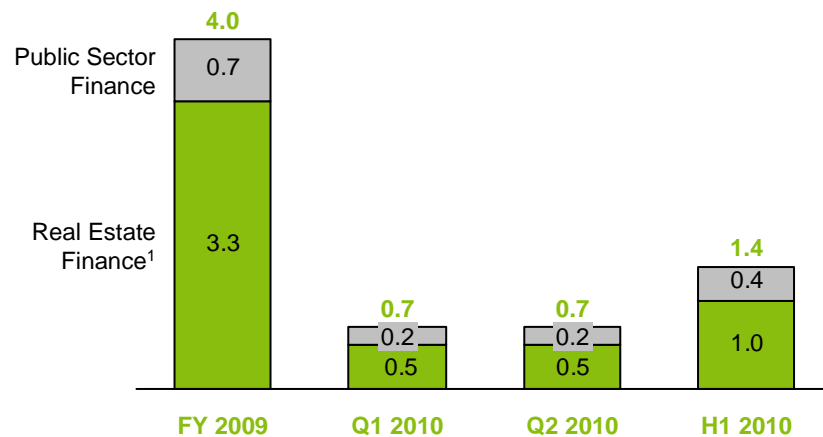
4 Ratings

New business

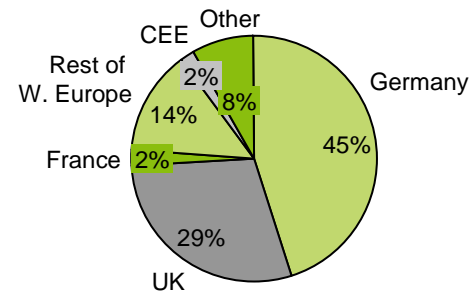
Only selective new business of EUR 1.4 bn written at margins higher than pre-crisis in H1 2010

New business

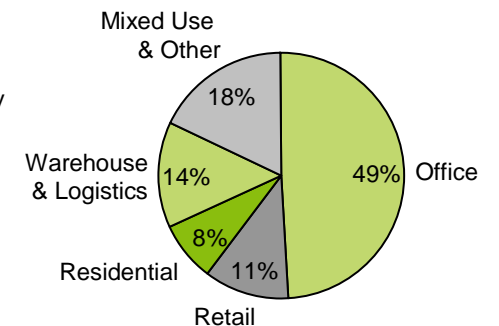
Commitments in EUR billion / in %



REF by region
H1 2010



REF by property type
H1 2010



Public Sector Finance (H1 2010: 16 deals)

- EUR 0.4 bn new business in H1 2010 – Spain 87%, Germany 13%
- Average maturity: ~8 yrs
- Average gross margin: >100 bp

Real Estate Finance (H1 2010: 32 deals)

- EUR 1.0 bn new business, of which EUR 0.7 bn extensions >1 year
- Average maturity: ~4 yrs (new commitments); ~3 yrs (extensions >1 year)
- Average LTVs of 67% – 66% for new commitments; 68% for extensions >1 year
- Average gross margin: >200 bp

1. Total volume of deals closed, excl. extensions <=1 year 2. Land, Healthcare

Public Sector Cover Pool § 28 Pfandbriefgesetz (German Pfandbrief Act) disclosure



§ 4 Matching Cover The cover of the Pfandbriefe outstanding must be ensured at all times according to the net present value, which shall include interest and principal obligations; the net present value of the recorded cover assets must exceed by 2% the net present value of the liabilities to be covered (excess cover).

06/2010 (EUR million)	Nominal	Net present value	Risk Cash value ¹
Public Sector Pfandbriefe	46,596.1	51,155.1	44,451.3
Cover funds	51,685.0	58,149.3	50,528.8
Excess cover (over-/under-collateralisation)	5,088.9	6,994.2	6,077.5
in %	10.9	13.7	13.7

1. Dynamic stress-testing approach: interest risk tested with 100 bp upward and downward shift; FX risk EU currencies 10%, EOCED countries 15%, USD 25% up- and down shift

§ 20 para. 2 Additional Cover Assets Cover may also be provided (substitute collateral)

- up to an aggregate of 10% of the total amount of the Pfandbriefe outstanding, by way of money claims against the ECB, central banks of the member states of the EU or suitable credit institutions; the share of money claims against the same credit institution may not exceed 2%.

06/2010 (EUR million)	Nominal	%
Money claims (§ 20 para. 2 no. 2)	1,695.0	3.3

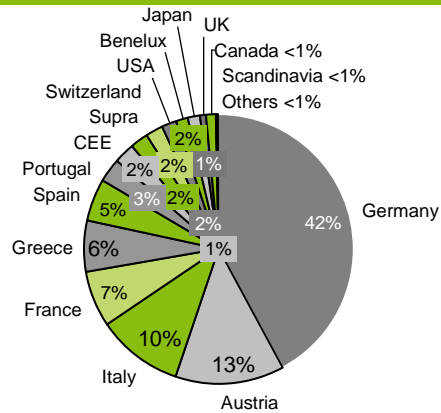
- by way of the assets specified in § 19 para. 1 no. 4 – the share of the claims of the Pfandbrief bank under the derivatives accepted as cover in the total amount of the cover assets as well as the share of the liabilities of the Pfandbrief bank under such derivatives in the total amount of the Pfandbriefe outstanding plus the liabilities under derivatives may in each case not exceed a rate of 12%; the calculation shall be made on the basis of the net present values.

06/2010 (EUR million)	Net present value	%
Derivatives – Public Sector Pfandbriefe	157.5	0.31
Derivatives – Cover funds	708.0	1.22

Public Sector Cover Pool § 28 Pfandbriefgesetz (German Pfandbrief Act) disclosure (cont'd)

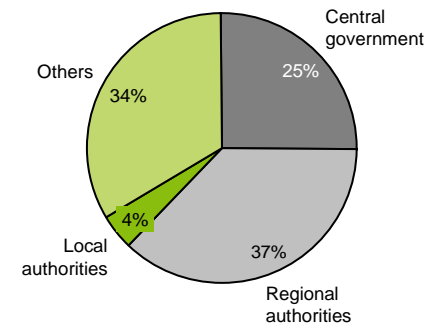
Cover funds

EUR 50 bn^{1,2} – by region (06/2010)



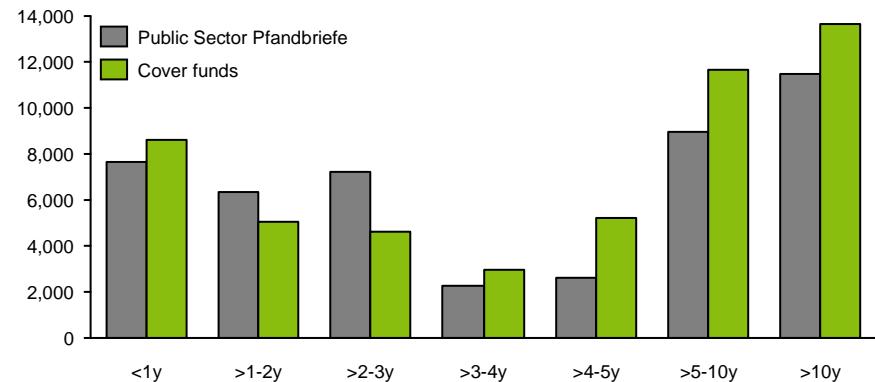
Cover funds

EUR 50 bn^{1,2} – by counterparty type (06/2010)



Mortgage Cover Pool

Maturity profile³ (06/2010)



1. Excl. derivatives

2. Excl. additional cover assets (substitute collateral)

3. The allocation of floating assets to the relevant maturity cluster has been changed from the fixing date (adjustment cycle of the reference interest index, e.g. EURIBOR) to the date of adjustment of the margin – this approach is in line with the latest recommendation of the Association of German Pfandbrief Banks (vdp)

Public Sector Cover Pool § 28 Pfandbriefgesetz (German Pfandbrief Act) disclosure (cont'd)



06/2010	Counterparty type				Total ^{1,2} EUR millions	
	in %	Central government	Regional authorities	Local authorities		Others
Germany		3.7	59.4	0.9	36.0	20,956.1
Austria		57.6	13.4	-	29.0	6,488.6
Belgium		27.9	26.4	18.8	26.9	718.0
Canada		-	69.6	-	30.4	468.2
Czech Republic		29.6	-	-	70.4	135.0
Denmark		-	-	-	100.0	48.6
Finland		11.2	-	77.7	11.2	72.5
France		12.8	2.7	-	84.5	3,346.0
Greece		93.1	-	-	6.9	3,083.9
Hungary		100.0	-	-	-	110.0
Iceland		-	-	57.8	42.2	67.5
Italy		57.3	29.7	7.7	5.3	5,231.4
Japan		44.3	-	10.5	45.1	569.7
Lithuania		100.0	-	-	-	35.0
Netherlands		-	-	25.7	74.3	54.5
Poland		100.0	-	-	-	629.3
Portugal		16.7	26.6	-	56.8	1,616.3
Slovakia		100.0	-	-	-	25.0
Slovenia		93.5	-	-	6.5	262.0
Spain		-	72.9	11.5	15.6	2,470.2
Switzerland		-	44.6	9.4	46.0	979.7
UK		-	4.2	47.9	48.0	510.1
USA		-	19.3	69.4	11.3	906.0
Internat. Organis.		-	-	-	100.0	1,184.9
Total^{1,2}		25.3	36.7	4.3	33.7	49,968.5

Note: Figures may not add up due to rounding 1. Excl. derivatives 2. Cover funds, excl. additional cover assets (substitute collateral)

Public Sector Cover Pool § 28 Pfandbriefgesetz (German Pfandbrief Act) disclosure (cont'd)



Payments ≥ 90 days overdue¹

06/2010	EUR millions
Central government	-
Regional authorities	-
Local authorities	-
Other debtors	-
Total	-

1. Interest and amortisation

Mortgage Cover Pool § 28 Pfandbriefgesetz (German Pfandbrief Act) disclosure



§ 4 Matching Cover The cover of the Pfandbriefe outstanding must be ensured at all times according to the net present value, which shall include interest and principal obligations; the net present value of the recorded cover assets must exceed by 2% the net present value of the liabilities to be covered (excess cover).

06/2010 (EUR millions)	Nominal	Net present value	Risk Cash value ¹
Mortgage Pfandbriefe	19,189.7	20,592.4	19,239.7
Cover funds	24,129.6	26,143.3	24,425.9
Excess cover (over-/under-collateralisation)	4,939.9	5,550.9	5,186.2
in %	25.7	27.0	27.0

1. Dynamic stress-testing approach: interest risk tested with 100 bp upward and downward shift; FX risk EU currencies 10%, EOCED countries 15%, USD 25% up- and down shift

§ 19 Additional Cover Assets Cover as prescribed pursuant to § 4 may also be provided (substitute collateral)

- up to an aggregate of 10% of the total amount of the Pfandbriefe outstanding, by way of the assets specified in § 4 para. 2 sentence 2 nos. 1 and 2 as well as money claims against the ECB, central banks of the member states of the EU or suitable credit institutions; the share of money claims against the same credit institution may not exceed 2%.
- up to an aggregate of 20% of the total amount of the Pfandbriefe outstanding, by way of the assets specified in § 20 para. 1, provided that these are bonds.

06/2010 (EUR millions)	Nominal	%
Assets specified in § 4 para. 2 sentence 2 nos. 1 and 2 as well as money claims (§ 19 para. 1 no. 2)	-	-
Bonds specified in § 20 para. 1 (§ 19 para. 1 no. 3)	1,479.2	6.1

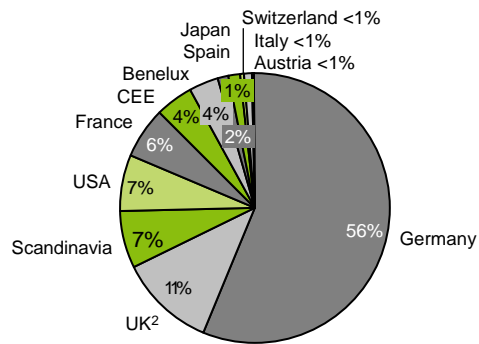
- The share of the claims of the Pfandbrief bank under the derivatives accepted as cover in the total amount of the cover assets as well as the share of the liabilities of the Pfandbrief bank under such derivatives in the total amount of the Pfandbriefe outstanding plus the liabilities under derivatives may in each case not exceed a rate of 12%; the calculation shall be made on the basis of the net present values.

06/2010 (EUR millions)	Net present value	%
Derivatives – Mortgage Pfandbriefe (§ 19 para. 1 no. 4)	382.1	1.86
Derivatives – Cover funds (§ 19 para. 1 no. 4)	531.0	2.03

Mortgage Cover Pool § 28 Pfandbriefgesetz (German Pfandbrief Act) disclosure (cont'd)

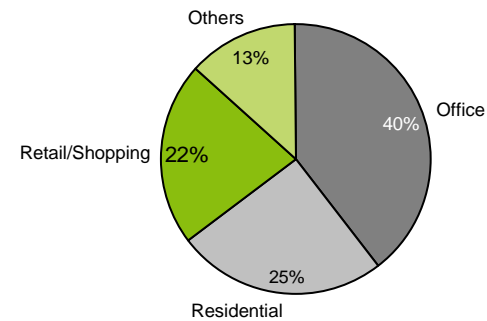
Cover funds

EUR 23 bn¹ – by region (06/2010)



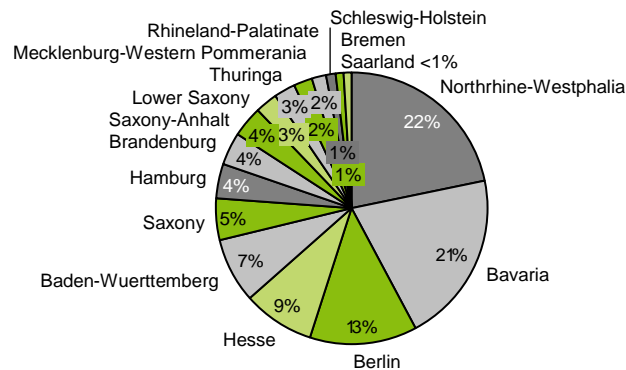
Cover funds

EUR 23 bn¹ – by property type (06/2010)



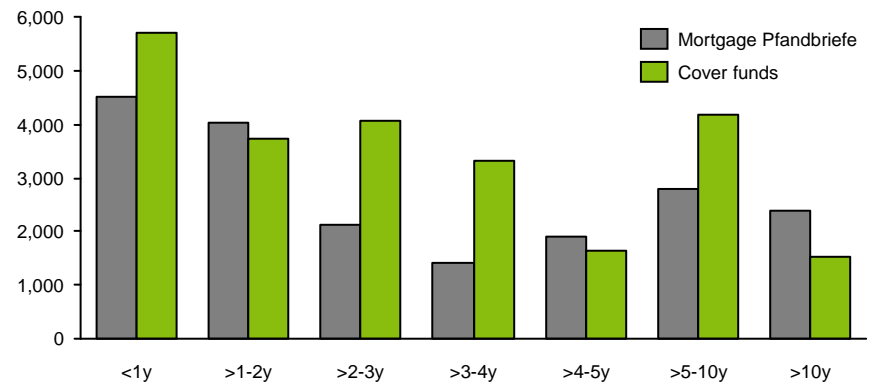
Cover funds

Germany – by region (06/2010)



Mortgage Cover Pool

Maturity profile³ (06/2010)



1. Excl. additional cover assets (substitute collateral) 2. Excl. Channel Islands 3. Assets to interest reset date; liabilities to legal maturity

Mortgage Cover Pool

§ 28 Pfandbriefgesetz (German Pfandbrief Act) disclosure (cont'd)



06/2010	Property type				Total ¹ EUR millions	
	in %	Residential	Office	Retail/Shopping		Others
Germany		38.7	28.7	21.5	11.0	12,722.2
Austria		0.7	63.3	36.0	-	88.9
Belgium		-	100.0	-	-	15.3
Czech Republic		-	43.0	45.2	11.8	289.0
Denmark		1.0	92.9	3.5	2.7	388.3
Finland		-	46.6	53.4	-	53.9
France		3.8	87.4	2.2	6.5	1,429.0
Hungary		-	13.6	86.4	-	229.0
Italy		18.5	9.3	72.1	-	144.5
Japan		-	100.0	-	-	262.6
Luxembourg		-	27.3	72.7	-	31.1
Netherlands		0.2	71.7	23.8	4.4	754.1
Norway		-	-	22.8	77.2	66.3
Poland		-	29.1	50.1	20.9	415.3
Romania		-	100.0	-	-	3.6
Slovakia		-	-	100.0	-	58.1
Spain		-	39.9	31.8	28.3	343.2
Sweden		37.3	28.3	6.4	28.0	1,073.3
Switzerland		-	32.5	60.7	6.7	175.2
UK ²		4.2	39.3	29.7	26.8	2,556.6
USA		8.3	63.1	12.9	13.7	1,550.9
Total¹		25.0	39.5	22.2	13.3	22,650.3

Note: Figures may not add up due to rounding 1. Cover funds, excl. additional cover assets (substitute collateral) 2. Excl. Channel Islands

Mortgage Cover Pool § 28 Pfandbriefgesetz (German Pfandbrief Act) disclosure (cont'd)

Payments ≥90 days overdue¹

06/2010	EUR millions
Germany	20.0
Austria	0
Belgium	0
Czech Republic	0
Denmark	0
Finland	0
France	1.8
Hungary	0
Italy	0.8
Japan	0
Luxembourg	0
Netherlands	0
Norway	0
Poland	0
Romania	0
Slovakia	0
Spain	0
Sweden	0.4
Switzerland	0
UK	0.5
USA	0
Total	23.5

1. Interest and amortisation

Agenda

Appendix

Financials

Portfolio

pbb Deutsche Pfandbriefbank

New business

Public Sector Cover Pool

Mortgage Cover Pool

Ratings

Current ratings

	Deutsche Pfandbriefbank AG ⁽¹⁾	DEPFA Bank plc	DEPFA ACS Bank	Hypo Pfandbrief Bank International	Hypo Public Finance Bank
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S&P

Public Sector Covered Bonds	AA+		AA ⁽²⁾	AA ⁽³⁾	
Mortgage Covered Bonds	AA+ ⁽³⁾				
Outlook	Credit Watch Positive	Credit Watch Positive	Credit Watch Positive	Credit Watch Positive	Credit Watch Positive
Long Term	BBB	BBB	BBB	BBB	BBB
Short Term	A-2	A-2	A-2	A-2	A-2

Moody's

Public Sector Covered Bonds	Aaa		Aa3		
Mortgage Covered Bonds	Aa3				
Outlook	Negative	Negative	Negative		Negative
Long Term	A3	A3	A3		A3
Short Term	P-1	P-1	P-1		P-1
Financial Strength	E+	E+	E+		

Fitch

Public Sector Covered Bonds	AAA		AAA		
Mortgage Covered Bonds	AA+ ⁽³⁾				
Outlook	Stable	Stable	Stable		Stable
Long Term	A-	A-	A-		A-
Short Term	F1+	F1+	F1+		F1+
Individual Rating		F			

Notes:

The above list does not include all ratings.

Fitch also assigned an **A- Long-term** rating with **Stable** Outlook, an **F1+ Short-term** rating and an **F Individual** rating to **Hypo Real Estate Holding AG**.

(1) Former Hypo Real Estate Bank AG. Merger of DEPFA Deutsche Pfandbriefbank AG into Hypo Real Estate Bank AG completed.

(2) Credit Watch developing

(3) Credit Watch negative / On review for downgrade / Rating Watch Negative

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