

Press release

Hypo Real Estate Group on current market developments

Munich, 3 August 2007: In the context of current market developments, the Hypo Real Estate Group is, again, confirming its operating forecast for the current year, which is fully in line with our improved business plan.

The Hypo Real Estate Group has also confirmed its previous statement that it does not expect to have to cope with any negative effects from the US Subprime crisis. In the field of commercial real estate financing, the Group does not have any direct financing operations, nor does it take on any risk in the Subprime segment.

Our CDO investments do not have any direct links with the Subprime segment.

Hypo Public Finance Bank has US CDOs worth approx. EUR 300 million, of which more than 90% have an AAA rating. In addition, Hypo Real Estate Bank AG has an old legacy CDO portfolio worth EUR 1.2 billion from the time before the spin-off. As a result of the asset replenishments which have already taken place, 16% of the overall volume have links with Subprime securities. However, only 5% of these securities are attributable to the years 2006 and 2007. Therefore, the Group does not expect any negative effects as a result of the current market development.

Even if the Subprime market were to collapse completely, this would be covered several times over by our calculated provisions for losses on loans and advances.

Asset Management subsidiary Collineo

With the exception of the above-mentioned EUR 1.2 billion, our Asset Management subsidiary Collineo only manages CDOs for external third parties. As part of this business, we have not provided any liquidity line or similar facilities. These activities cannot result in any problems for the Hypo Real Estate Group.

IKB

In connection with the IKB crisis, we confirm that we have not extended any credit lines or liquidity to IKB.

Planned merger with Depfa

The Hypo Real Estate Group has, again, confirmed that its offer for acquiring Depfa remains unchanged. We have already seen very positive backing from the shareholders of both parties.

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