

Analyst Conference Call
May 5, 2006

Hypo  **Real Estate**
GROUP



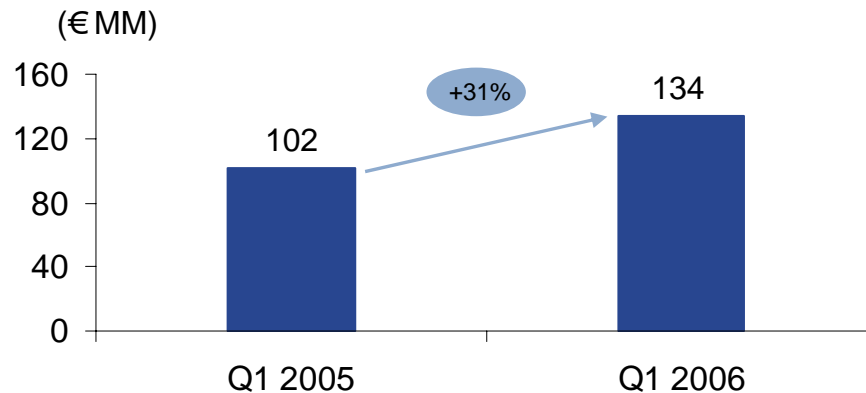
Results Q1 2006
Dr. Markus Fell, CFO

- I Date and Time: May 5, 2006 starting at 14:00 CET
- I You can participate dialling:
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Hypo Real Estate Group

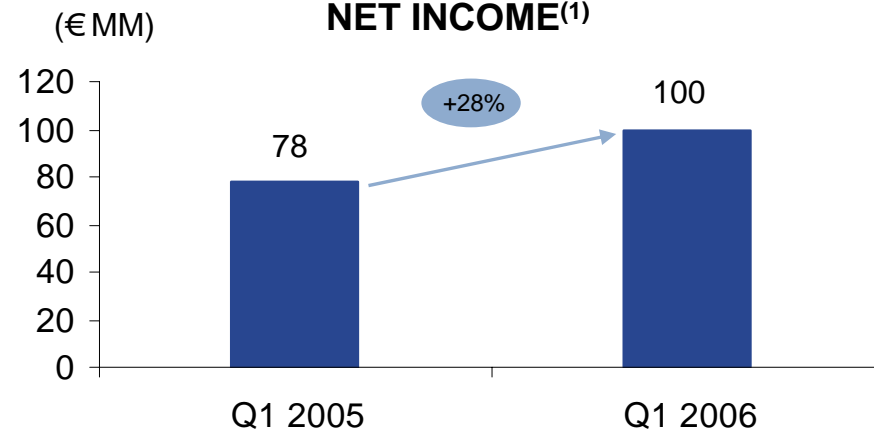
Q1 2006 pre-tax profit up 31%

PRE-TAX PROFIT



- I Profits benefited from strong increase in operating revenues and a comparatively lower cost growth
- I Pre-tax profit of € 134 MM in line to reach target of at least € 530 MM by year end

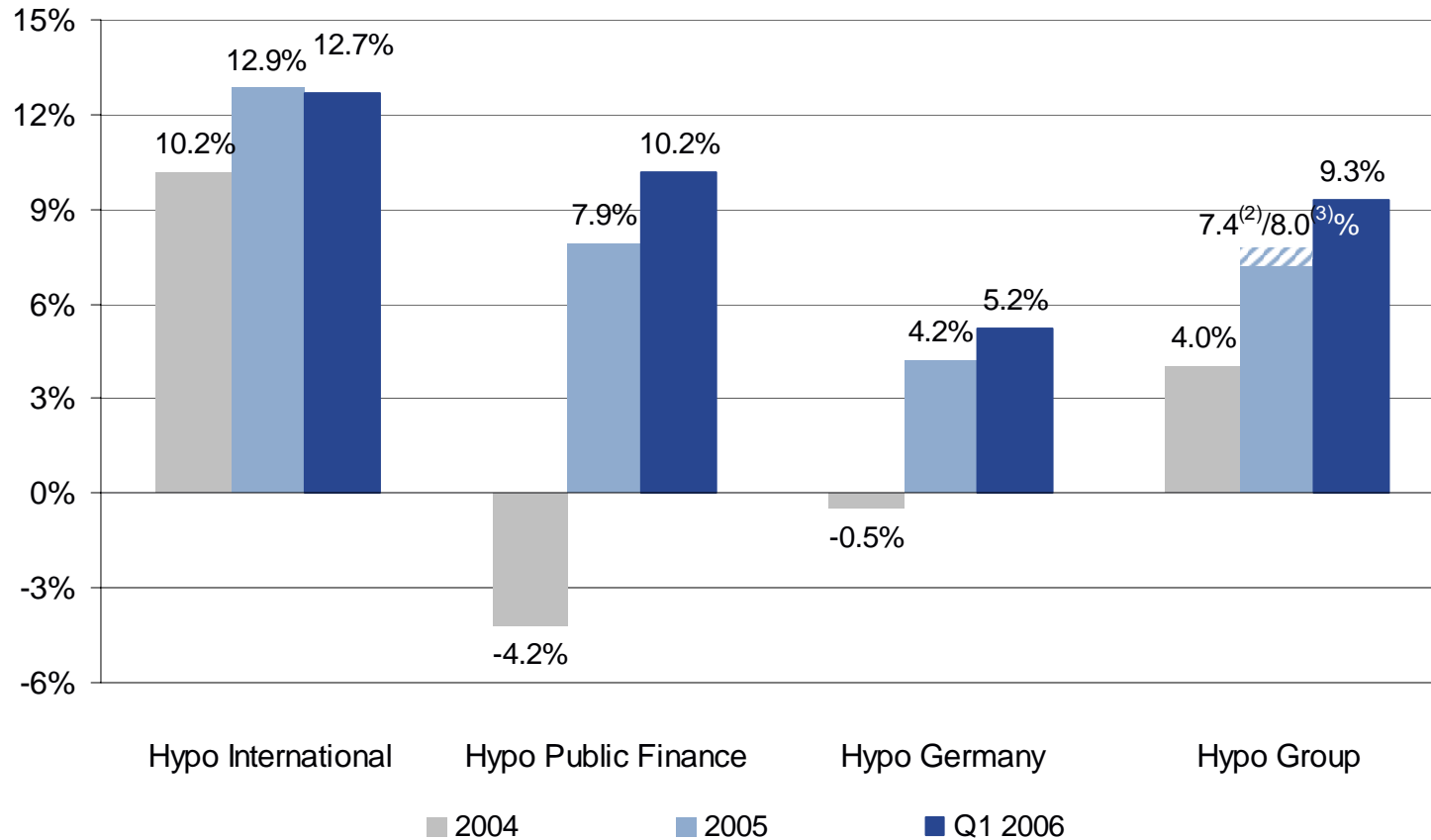
NET INCOME⁽¹⁾



| 3 | **Note**

1. Excluding the effects from capitalised losses carried forward

RETURN ON EQUITY⁽¹⁾ DEVELOPMENT – SPLIT BY SEGMENT



| 4 | Notes

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

Hypo Real Estate Group

Q1 - a first step in reaching the 2006 targets

KEY FINANCIALS (IFRS)			
(€MM)	Q1 2006	Q1 2005	Change (%)
Net interest income	190	165	15.2
Net commission income	34	23	47.8
Net trading income	11	7	57.1
Net income from investments	20	11	81.8
Balance of other operating income/expenses	2	4	-50
Total operating revenues	257	210	22.4
Provisions for losses on loans and advances	43	35	22.9
General administrative expenses	80	73	9.6
Operating result	134	102	31.4
Net income/loss before taxes	134	102	31.4
Net income/loss⁽¹⁾	100	78	28.2

	Q1 2006	FY 2005
ROE after taxes ⁽¹⁾ (%)	9.3	7.4 ⁽²⁾ /8.0 ⁽³⁾
Cost-income ratio (%)	31.1	34.9
Employees	1176	1233

- I Operating revenues significantly higher than in 2005, mainly caused by business expansion
- I Higher net interest income due to strong new business in previous year and subsequent drawings/payouts in current year
- I Portfolio based loan-loss provisions higher because of international portfolio growth
- I General administrative expenses higher due to international expansion
- I Strongly improved CIR of 31%

| 5 | Notes

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

Hypo Real Estate Group

Quarterly development

(€MM)	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006
Total operating revenues	210	225	233	241	257
Net interest income	165	165	171	184	190
Net commission income	23	38	33	31	34
Net trading income	7	7	12	1	11
Net income from investments	11	12	16	28	20
Balance of other operating income/expenses	4	3	1	-3	2
Provisions for losses on loans and advances	35	36	41	37	43
General administrative expenses	73	76	79	89	80
Balance of other income/expenses	0	0	-1	0	0
Net income/loss before taxes (excluding restructuring expenses)	102	113	112	115	134
Additional restructuring expenses	0	0	0	34	0
Net income/loss before taxes (including restructuring expenses)	102	113	112	81	134
Taxes on income ⁽¹⁾	24	30	30	11	34
Net income/loss⁽¹⁾	78	83	82	70	100

Risk assets compliant with BIS rules (€ Bn)	51.1	52.9	53.2	56.3	58.1
Core capital ratio compliant with BIS rules (in %)	8.2	7.9	7.8	7.8 ⁽²⁾	7.6
Employees	1,287	1,259	1,258	1,233	1,176

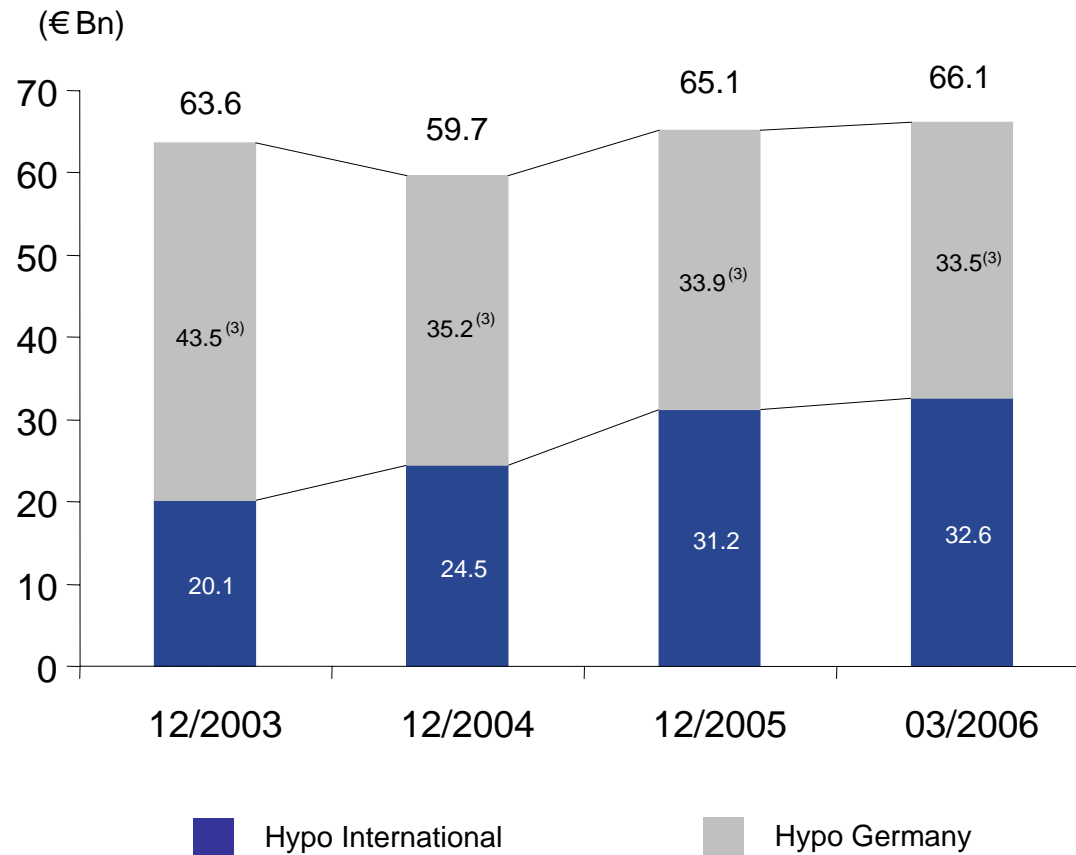
- | Operating revenues improved further
- | Higher trading profit at Hypo Public Finance
- | Further growth in RWA led to a decline in the Tier 1 ratio
- | Number of employees further reduced

| 6 | Notes

1. Excluding the effects from capitalised losses carried forward
2. As per approved annual financial statements and after profit distribution

REAL ESTATE PORTFOLIO DEVELOPMENT

Split by Segment 12/2003 - 03/2006^(1,2)



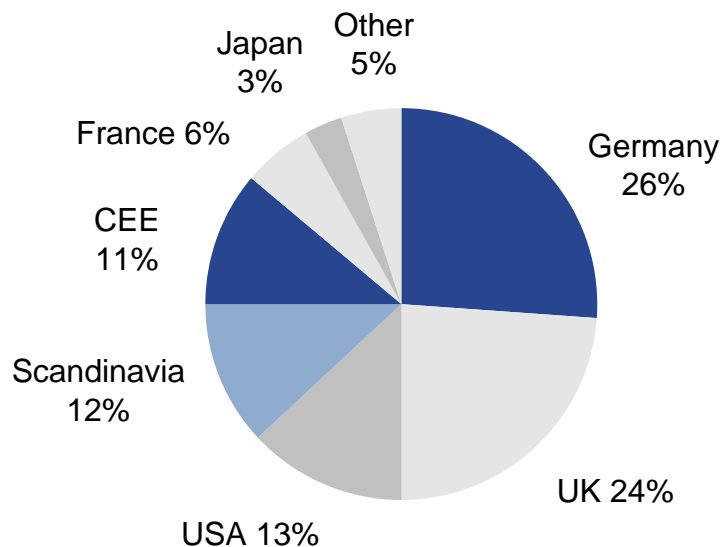
- | Strong growth in Hypo International continues
- | Improvement of the German portfolio is still underway

| 7 | **Notes**

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

TOTAL NEW REAL ESTATE BUSINESS

Split by Region Q1 2006^(1,2,3)



100% = €5.2 Bn

- | Group's new business of €5.2 Bn in Q1 represents a significant improvement (+58%) compared to Q1 2005 (€3.3 Bn)
- | Prepayments and repayments amounted to €4.7 Bn
- | Net increase of total real estate portfolio of €1.0 Bn
- | The biggest part of new business came from Germany, whereas the US proportion was reduced

Notes

1. Excluding HPF new business
2. Based on commitments after syndication
3. Internal unaudited figures

Hypo Real Estate Bank International

Profit before taxes increased by 23%

KEY FINANCIALS (IFRS)			
(€MM)	Q1 2006	Q1 2005	Change (%)
Net interest income	114	89	28.1
Net commission income	31	27	14.8
Net trading income	0	1	-100
Net income from investments	11	5	120
Balance of other operating income/expenses	1	1	0
Total operating revenues	157	123	27.6
Provisions for losses on loans and advances	14	5	180
General administrative expenses	41	35	17.1
Operating result	102	83	22.9
Net income/loss before taxes	102	83	22.9
Net income/loss⁽¹⁾	76	65	16.9

	Q1 2006	FY 2005
ROE after taxes ⁽¹⁾ (%)	12.7	12.9 ⁽²⁾
Cost-income ratio (%)	26.1	29.3
Employees	455	474

- I Net interest income substantially increased due to portfolio growth and net commission income benefited from new business
- I Net income from investments higher taking advantage of favourable market conditions
- I Only portfolio-based loan-loss provisioning
- I General administrative expenses increased as a result of further business expansion
- I CIR further reduced to 26%

| 9 | Notes

1. Excluding the effects from capitalised losses carried forward
2. Based on allocated capital

Hypo Real Estate Bank International

Quarterly development

(€MM)	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006
Total operating revenues	123	129	135	145	157
Net interest income	89	95	99	101	114
Net commission income	27	30	30	36	31
Net trading income	1	0	2	-2	0
Net income from investments	5	5	3	12	11
Balance of other operating income/expenses	1	-1	1	-2	1
Provisions for losses on loans and advances	5	6	11	7	14
General administrative expenses	35	36	41	44	41
Balance of other income/expenses	0	0	-1	0	0
Net income/loss before taxes	83	87	82	94	102
Taxes on income ⁽¹⁾	18	19	21	1	26
Net income/loss⁽¹⁾	65	68	61	93	76

Risk assets compliant with BIS rules (€ Bn)	25.8	28.0	28.4	31.6	31.4
Core capital ratio compliant with BIS rules (in %) ⁽²⁾	8.9	8.3	8.1	7.5	7.7

- | Operating revenues increased continuously
- | Positive development in net interest income resulting from steady portfolio growth
- | Portfolio growth also led to a rise in portfolio based loan-loss provisions

| 10 | Notes

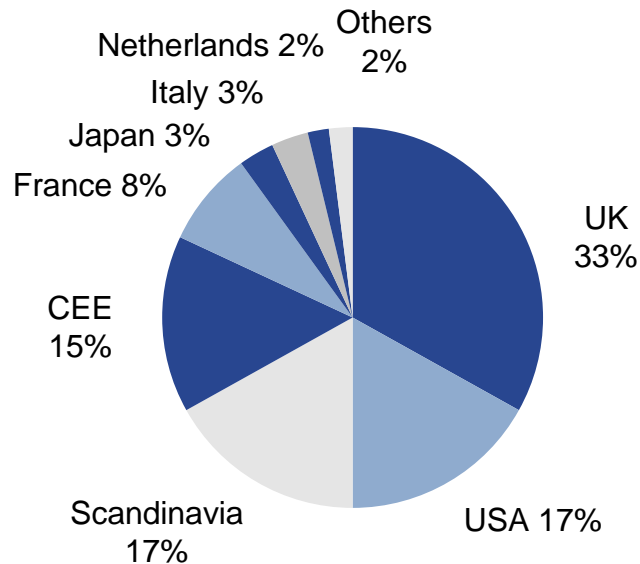
1. Excluding the effects from capitalised losses carried forward
2. Based on allocated capital

Hypo Real Estate Bank International

New business of €3.8 Bn in Q1 2006

NEW REAL ESTATE BUSINESS

Split by Region Q1 2006^(1,2)



100% = €3.8 Bn

- I New business in Q1 amounted to €3.8 Bn compared to €3.1 Bn same period last year
- I Prepayments and repayments amounted to €3.0 Bn
- I In Q1 total portfolio increased by €1.4 Bn
- I New business on average written at more than 130 Bp net interest margin yielding >13% IRR, including former WuerthHyp's international business and reflecting lower US portion

Hypo Real Estate Bank Germany

Increasing contribution to the Group's profits

KEY FINANCIALS (IFRS)			
(€MM)	Q1 2006	Q1 2005	Change (%)
Net interest income	74	72	2.8
Net commission income	1	-3	133.3
Net trading income	0	0	0
Net income from investments	8	7	14.3
Balance of other operating income/expenses	0	1	-100
Total operating revenues	83	77	7.8
Provisions for losses on loans and advances	29	30	-3.3
General administrative expenses	21	24	-12.5
Operating result	33	23	43.5
Net income/loss before taxes	33	23	43.5
Net income/loss⁽¹⁾	27	19	42.1

Q1 2006 FY 2005

ROE after taxes ⁽¹⁾ (%)	5.2	4.2	
Cost-income ratio (%)	25.3	30.4	
Employees	483	520	

- | Net interest income and net commission income higher due to strong new business and prepayment fees
- | Completed restructuring efforts led to further savings in general administrative expenses
- | Strong increase in profitability
- | Significantly improved CIR of 25%

Hypo Real Estate Bank Germany

Quarterly development

(€MM)	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006
Total operating revenues	77	85	77	83	83
Net interest income	72	68	67	76	74
Net commission income	-3	8	-3	-3	1
Net trading income	0	0	0	0	0
Net income from investments	7	6	13	13	8
Balance of other operating income/expenses	1	3	0	-3	0
Provisions for losses on loans and advances	30	30	30	30	29
General administrative expenses	24	26	23	25	21
Balance of other income/expenses	0	0	0	0	0
Net income/loss before taxes	23	29	24	28	33
Taxes on income ⁽¹⁾	4	7	6	7	6
Net income/loss⁽¹⁾	19	22	18	21	27

- I Operating revenues stable
- I General administrative expenses lower due to reduction in head count

Risk assets compliant with BIS rules (€ Bn)	23.4	23.0	22.8	24.0	25.5
Core capital ratio compliant with BIS rules (in %)	7.9	8.0	8.1	7.7 ⁽²⁾	7.2 ⁽²⁾
Employees	560	544	534	520	483

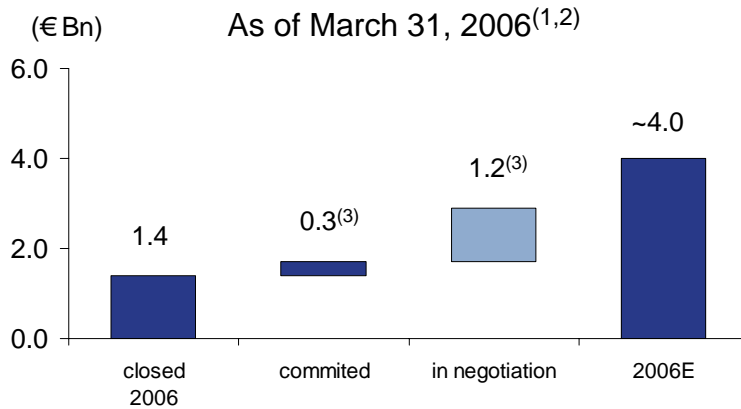
| 13 | Notes

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

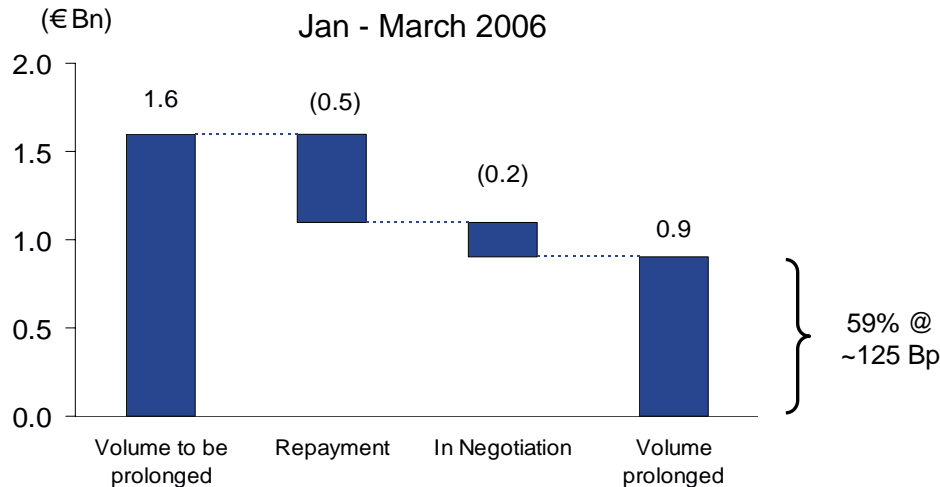
Hypo Real Estate Bank Germany

Recycling German book via new business and credit extensions at higher margins than in legacy portfolio

NEW REAL ESTATE BUSINESS



PROLONGATIONS



- | New business already amounted to €1.4 Bn in Q1 2006
- | Prepayments and repayments of €1.7 Bn in Q1 2006 led to a portfolio decrease of €0.4 Bn and a total portfolio of €33.5 Bn
- | Stable IRR of new business >12%. Annualized fee income compensated for lower net interest margin of 105 Bp
- | Prolongation strategy continued with a total prolongation rate of 59% at around 125 Bp
- | 65% credit extension rate with commercial customers and 36% credit extension rate with retail customers

1. Based on commitments after syndication
2. Internal unaudited figures
3. Weighted average

Hypo Public Finance Bank

Increasing earnings

KEY FINANCIALS (IFRS)			
(€MM)	Q1 2006	Q1 2005	Change (%)
Net interest income	7	6	16.7
Net commission income	2	0	>100
Net trading income	11	6	83.3
Net income from investments	1	-1	>100
Total operating revenues	21	11	90.9
Provisions for losses on loans and advances	0	0	0
General administrative expenses	11	10	10
Operating result	10	1	>100
Net income/loss before taxes	10	1	>100
Net income/loss	8	1	>100
	Q1 2006	FY 2005	
ROE after taxes (%)	10.2	7.9⁽¹⁾	
Cost-income ratio (%)	52.4	70.0	
Employees	170	175	

- | Good progress in all operating revenue lines compared to previous year
- | Trading income strong in Q1
- | Significantly improved net profit, ROE and CIR due to good operating revenues

Hypo Public Finance Bank

Quarterly development

(€MM)	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006
Total operating revenues	11	12	22	15	21
Net interest income	6	3	6	10	7
Net commission income	0	-1	6	-2	2
Net trading income	6	7	10	3	11
Net income from investments	-1	1	0	3	1
Balance of other operating income/expenses	0	2	0	1	0
Provisions for losses on loans and advances	0	0	0	0	0
General administrative expenses	10	8	10	14	11
Balance of other income/expenses	0	0	0	0	0
Net income/loss before taxes	1	4	12	1	10
Taxes on income	0	1	3	-2	2
Net income/loss⁽¹⁾	1	3	9	3	8

Risk assets compliant with BIS rules (€ Bn)	2.5	2.5	2.5	2.0	2.5
Core capital ratio compliant with BIS rules (in %)	8.0 ⁽¹⁾	8.0 ⁽¹⁾	8.0 ⁽¹⁾	15.0 ⁽¹⁾	14.7

- I Operating revenues increased in Q1 2006 compared to a softer Q4 2005
- I Normal volatility during the quarters, but upward trend in this young division

Key Figures			
(€ MM)	Target 2006	¼ Target	Q1 2006
Total operating revenues	>1000	>250	257
Profit before taxes	>530	>133	134
ROE after taxes (%) ⁽¹⁾	>9%	>9%	9.3%
Hypo International – Profit before taxes	≈ 380 - 410	≈ 95 - 103	102
Hypo Public Finance – Profit before taxes	≈ 25 - 35	≈ 6 - 9	10
Hypo Germany – Profit before taxes	≈ 120 - 140	≈ 30 - 35	33

- | Operating revenues in line with full year target
- | Profit before taxes meets pro-rata target
- | ROE after taxes affirms year end target of >9%

Business development in Q1 in line with full year targets

Notes

1. Excluding the effects from capitalised losses carried forward
2. According to BIS

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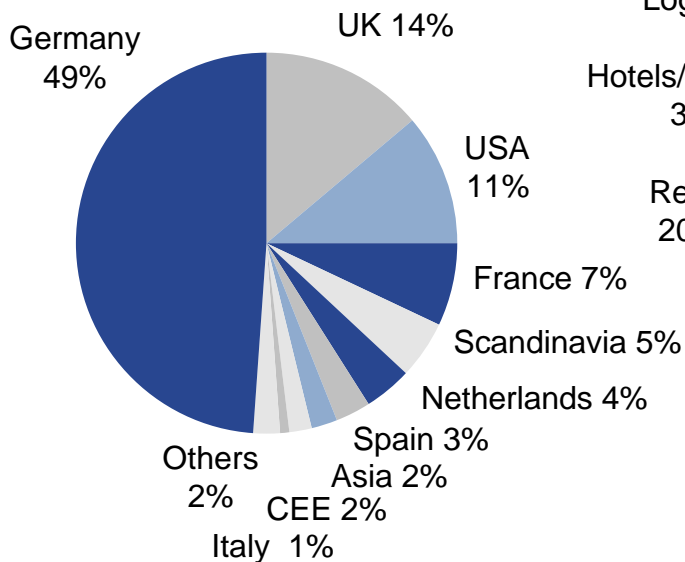
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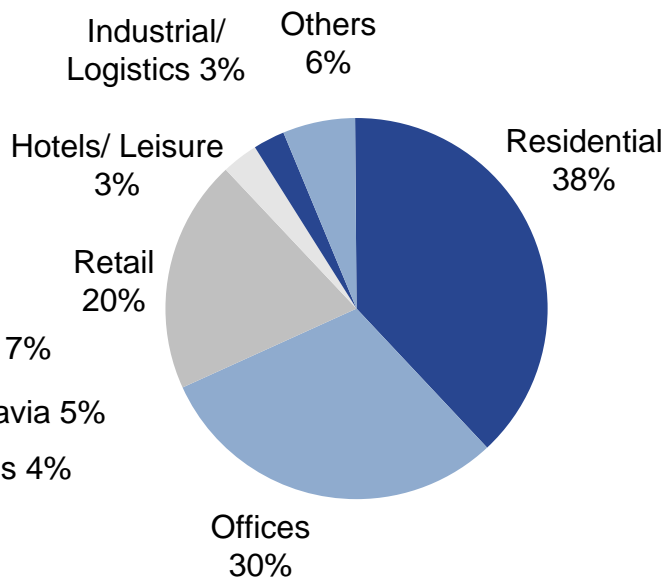
Hypo Real Estate Group Portfolio as of March 2006

SPLIT BY REGION
Real Estate Loan Portfolio
03/2006^(1,2)



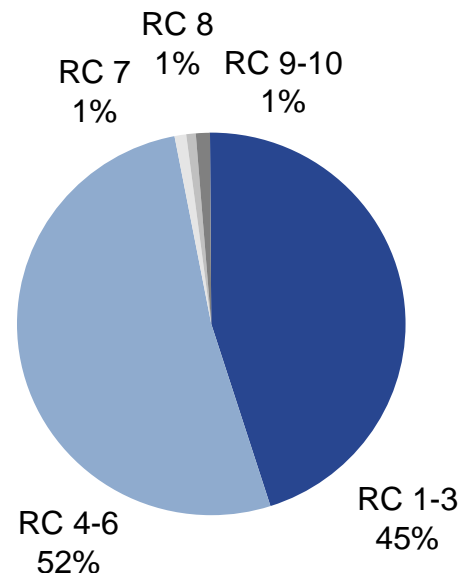
100% = €66.1 Bn

SPLIT BY PROPERTY
Real Estate Loan Portfolio
03/2006^(1,2)



100% = €66.1 Bn

SPLIT BY RISK CLASS
Real Estate Loan Portfolio
03/2006^(1,2)

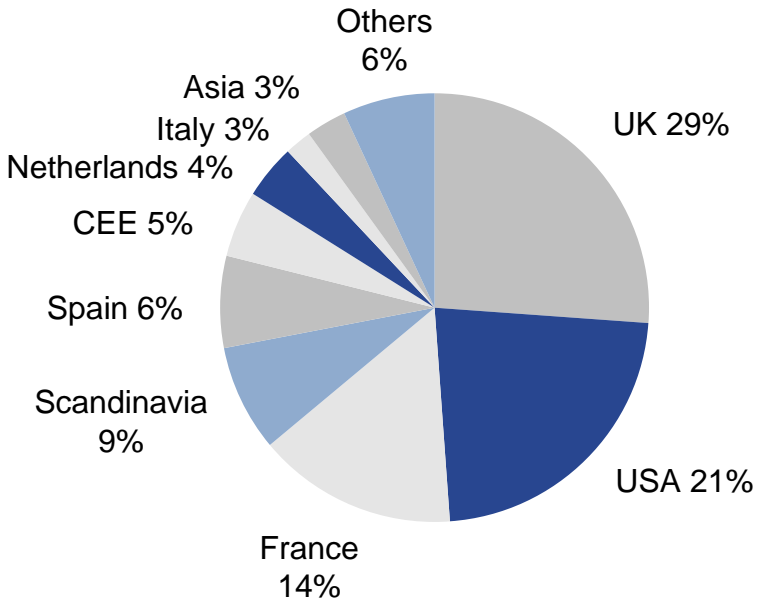


100% = €66.1 Bn

Hypo Real Estate Bank International Portfolio as of March 2006

SPLIT BY REGION

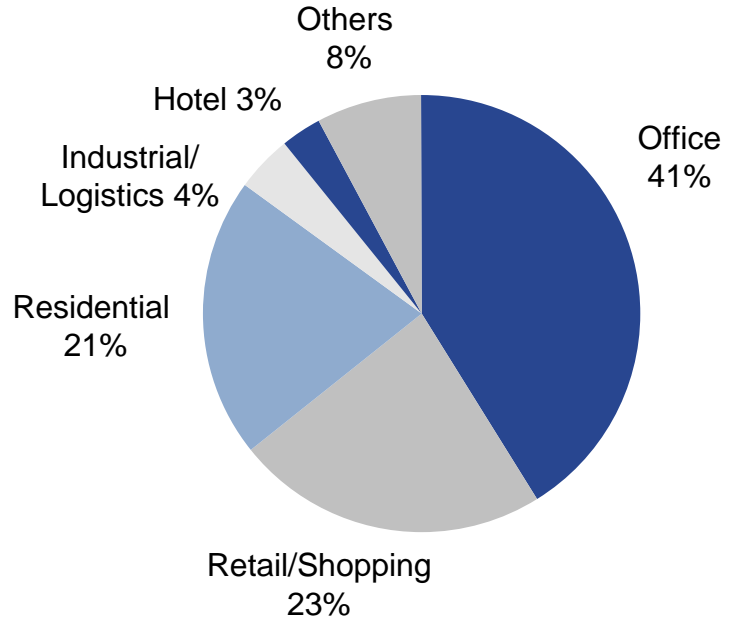
Real Estate Loan Portfolio 03/2006^(1,2)



100% = €32.6 Bn

SPLIT BY PROPERTY

Real Estate Loan Portfolio 03/2006^(1,2)



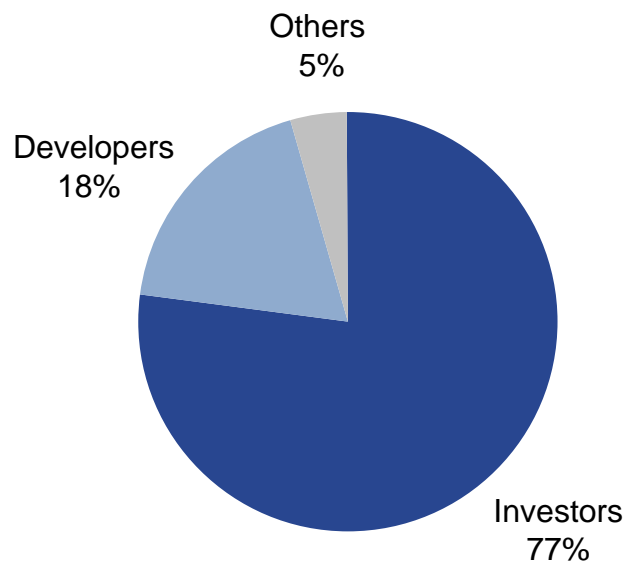
100% = €32.6 Bn

- 1. Based on commitments
- 2. Internal, unaudited figures

Hypo Real Estate Bank International Portfolio as of March 2006

SPLIT BY CUSTOMER TYPE

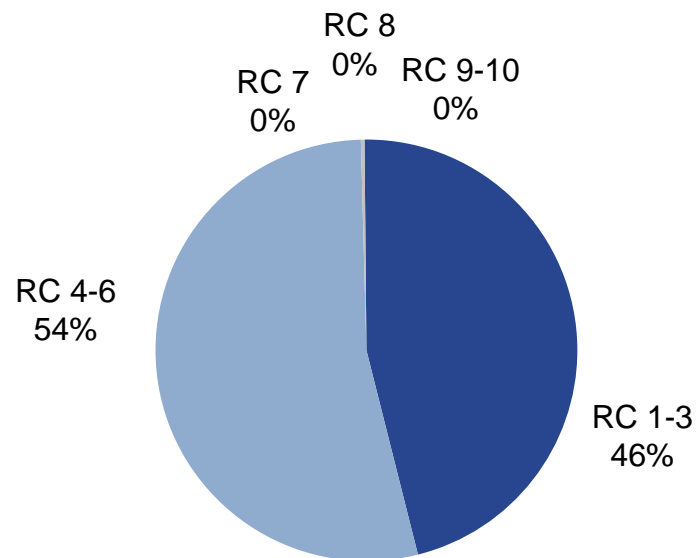
Real Estate Loan Portfolio 03/2006^(1,2)



100% = €32.6 Bn

SPLIT BY RISK CLASS

Real Estate Loan Portfolio 03/2006^(1,2)



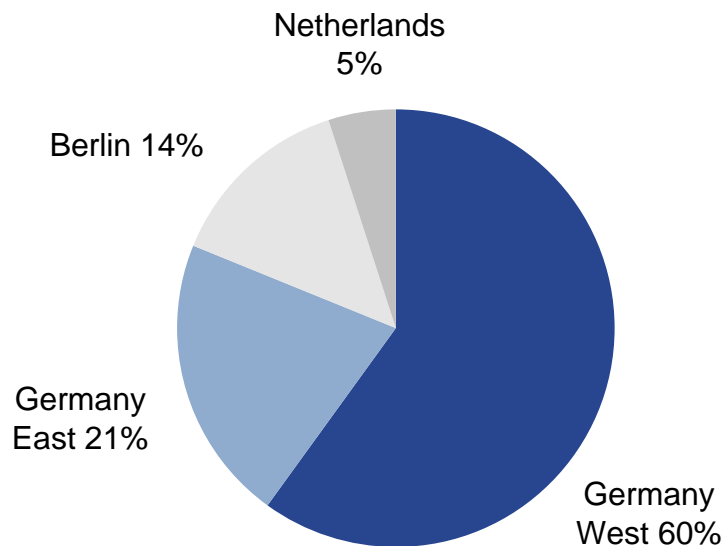
100% = €32.6 Bn

1. Based on commitments
2. Internal, unaudited figures

Hypo Real Estate Bank Germany Portfolio as of March 2006

SPLIT BY REGION

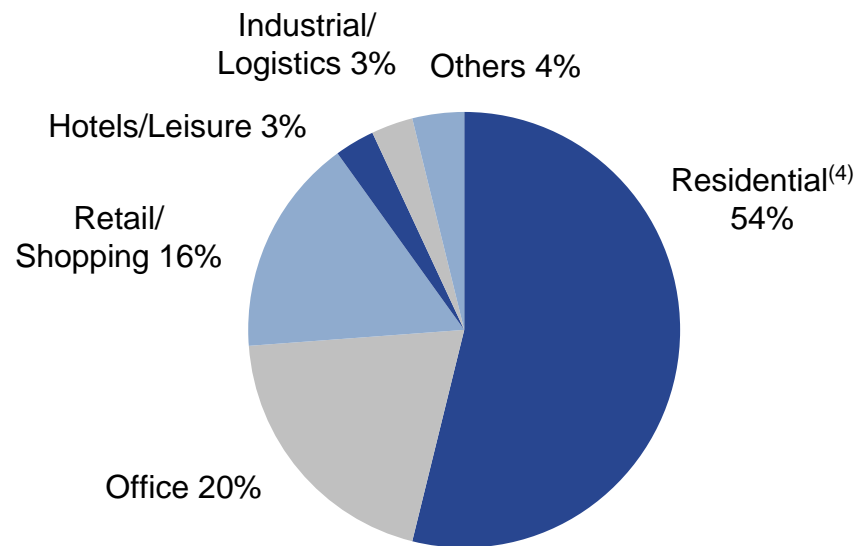
Real Estate Loan Portfolio 03/2006^(1,2,3)



100% = €33.5 Bn

SPLIT BY PROPERTY

Real Estate Loan Portfolio 03/2006^(1,2,3)



100% = €33.5 Bn

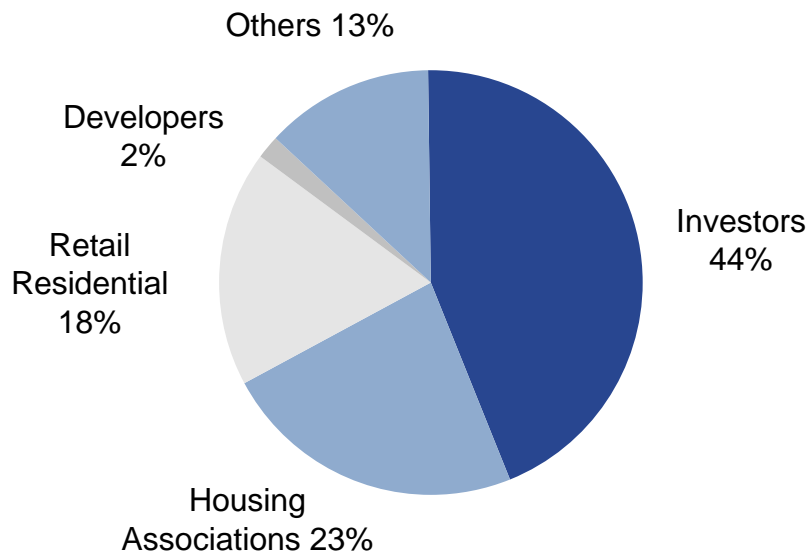
| 24 | **Notes**

1. Based on commitments
2. Internal, unaudited figures
3. Including former WuerthHyp's German portfolio
4. Retail residential (home-owners, apartment-owners, etc.) €6.0 Bn

Hypo Real Estate Bank Germany Portfolio as of March 2006

SPLIT BY CUSTOMER TYPE

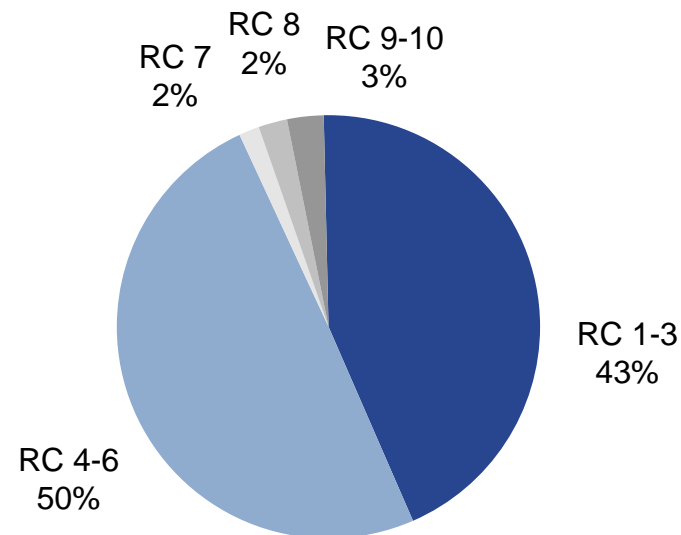
Real Estate Loan Portfolio 03/2006^(1,2,3)



100% = €33.5 Bn

SPLIT BY RISK CLASS

Real Estate Loan Portfolio 03/2006^(1,2,3)



100% = €33.5 Bn

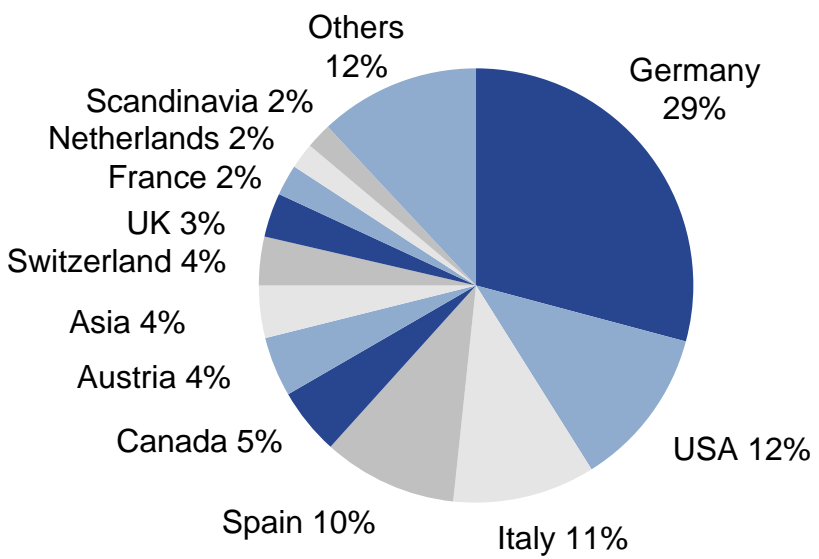
| 25 | **Notes**

1. Based on commitments
2. Internal, unaudited figures
3. Including former WuerthHyp's German Portfolio

Hypo Public Finance Bank Portfolio as of March 2006

SPLIT BY REGION

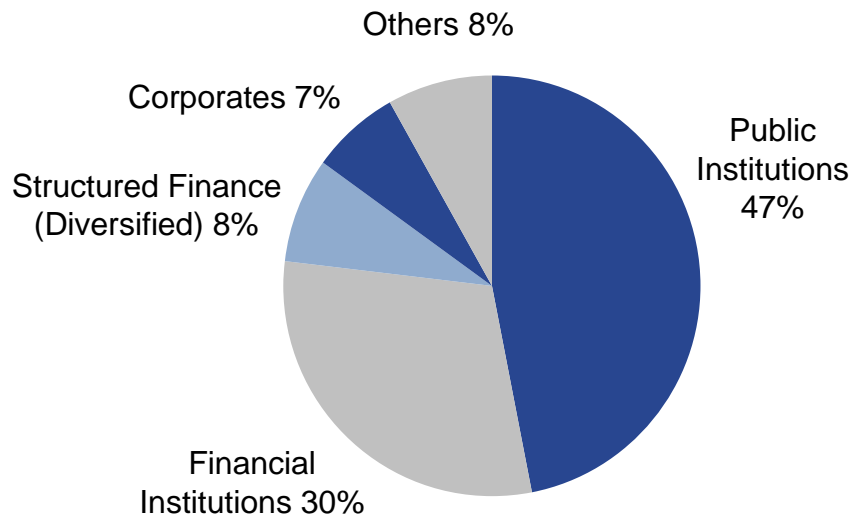
Loan Portfolio 03/2006^(1,2)



100% = €10.4 Bn

SPLIT BY COUNTERPARTY

Loan Portfolio 03/2006^(1,2)



100% = €10.4 Bn

- 1. Based on commitments
- 2. Internal, unaudited figures