

Analyst Presentation
March 15, 2005

Hypo  Real Estate
GROUP



“2004 – Another year of strong progress”

Content

- I Hypo Real Estate Group
- I Hypo Real Estate Bank International
- I Wuerttembergische Hypothekenbank
- I Hypo Real Estate Bank Germany
- I Outlook for Hypo Real Estate Group

Hypo Real Estate Group

Hypo Real Estate Group

Strong progress in 2004

- I Growing role as leading international commercial real estate financier
- I Improvement of asset quality
- I Higher profitability and dividend
- I Performance recognised by capital markets
- I Proven business model for all market conditions

- I New lending business more than doubled to € 12.6 Bn (2003: € 6.2 Bn)
 - Hypo International (HI) wrote € 9.8 Bn (2003: € 3.7 Bn), especially driven by the US and European key markets
 - WuerthHyp wrote € 2.5 Bn, having now 62% of its loans outside Germany
 - New business of € 0.3 Bn in Hypo Germany

- I Expansion of global network by opening Tokyo and Hong Kong. Tokyo contributed already about € 600 MM of new business, whereas the investment in China has to be seen long term

- I Funding capacity increased significantly
 - HI used € 3.9 Bn of the € 10 Bn MTN-program and € 500 MM of the € 3 Bn European Commercial Paper program
 - In total, WuerthHyp and Hypo Germany issued 5 Bn of Pfandbriefe
 - Intensified co-operation between WuerthHyp and HI on the funding side (€ 1 Bn)

Hypo Real Estate Group Improvement of asset quality

- I On Group level, reduction of risk classes 9 and 10 by 71% or from over €3.4 Bn down to €1.0 Bn
- I Hypo Germany completed its restructuring phase by selling two portfolios with a total volume of €4 Bn⁽¹⁾ to international investors
 - Reduction of about 76% of all NPLs, only 2% NPLs left in relation to the total portfolio
 - The portfolio quality is now one of the best of all German banks
 - Hypo Germany has started to write new business again
- I Hypo International's asset diversification has continued to improve
- I The Group's balance sheet has been strengthened further

Hypo Real Estate Group

Higher profitability and dividend

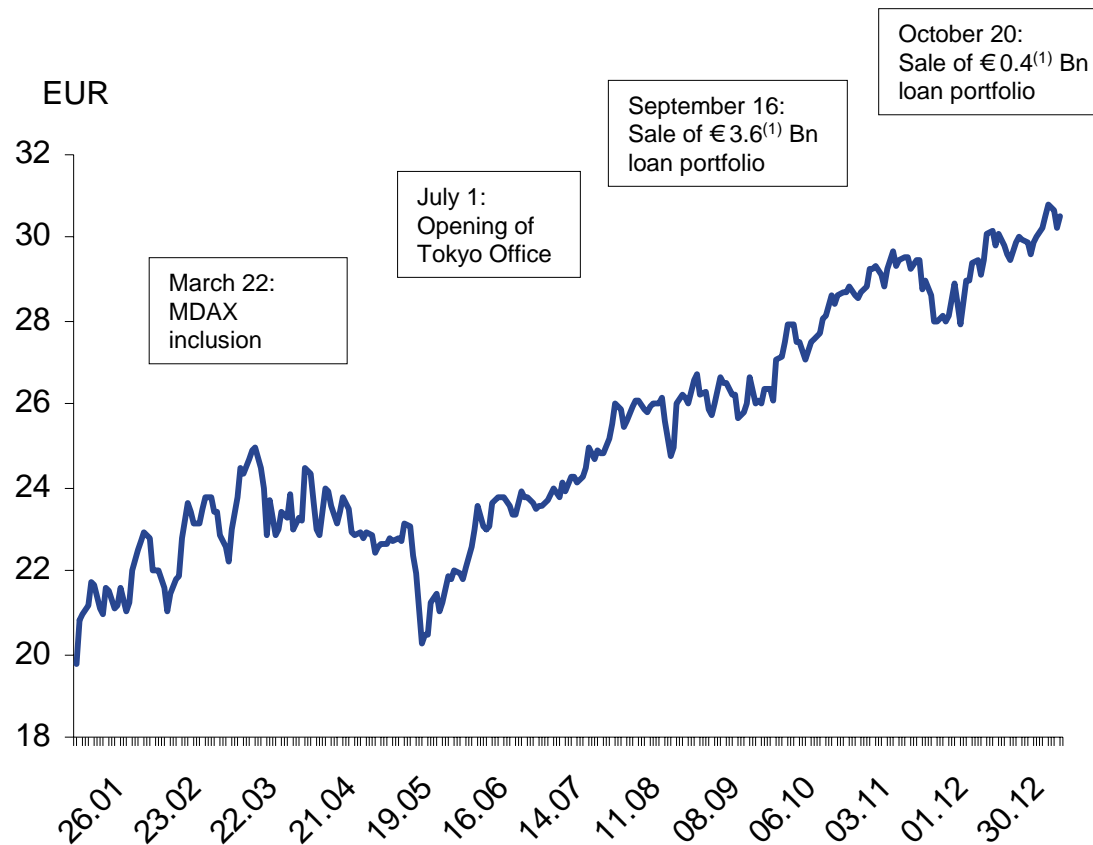
- I Despite additional costs of € 15 MM incurred by the portfolio sales, profitability increased significantly by 42% to € 221 MM profit before taxes (2003: € 156 MM)
- I Profit after taxes increased by 45% to € 168 MM⁽¹⁾ (2003: € 116 MM), leading to a ROE of 4% which is at the upper end of our target range. Including the positive effect of the capitalisation of some of our tax losses carried forward net profit was € 271 MM and ROE 6.5%
- I The first dividend of € 0.35 per share is proposed – payout ratio of 28% (€ 47 MM)

| 7 | **Note**

1. Disregarding the deferred tax yield on capitalised losses carried forward

Hypo Real Estate Group

Performance recognised by capital markets



Source: Thomson ONE

- I With a share price increase of 54%, the market continued to appreciate the potential of Hypo Real Estate Group
- I With a relevant market capitalisation of around €4.3 Bn⁽²⁾ HRX is one of the 30 biggest listed companies in Germany⁽³⁾
- I Rating agencies have upgraded their outlooks

| 8 | Notes

1. Including accrued interest and costs
2. Xetra closing price as of March 8, 2005, excluding preference shares
3. According to the DAX free-float ranking of Deutsche Boerse

The cyclical nature of the real estate markets is mitigated by:

- | Customers' 20 - 30% cash equity acting as a significant buffer
- | Cash-flow based approach, lending only against sustainable and stress-tested cash-flows or otherwise projects which are pre-let or pre-sold
- | Ongoing covenant checks and strict monitoring of each transaction allow action to be taken before problems become imminent
- | Risk reduction through diversification and short duration of our portfolios (duration in HI only 3 to 4 years)
- | All portfolios are hedged against interest rate risks (more than 85% of HI's and almost 100% of WuerttHyp's and Hypo Germany's clients' exposures)

 **The primary risks are taken by our customers**

Hypo Real Estate Group

Key Financials 2004

Key Financials (IFRS) (€MM)	2004	2003
Net interest income	683	674
Provisions for losses on loans and advances	276	252
Net interest income after provisions for losses on loans and advances	407	422
Net commission income	94	45
Net trading income	11	-
General administrative expenses	315	260
Balance of other operating income/expenses	-	19
Operating profit/loss	197	226
Net income from investments	47	-1
Balance of other income/expenses	-23	-69
thereof: Restructuring expenses	21	86
Net income/loss before taxes	221	156
Taxes on income	-50	40
thereof: Deferred taxes on capitalised losses carried forward	-103	-
Net income/loss	271	116
thereof: Equity attributable to equity holders	270	115
thereof: Minority interest in net income/loss	1	1
Net income/loss excluding income from deferred taxes on capitalised losses carried forward	168	116
ROE after taxes (%)	4.0 ⁽¹⁾	2.8
Operating revenues	788	738

- | 2004, net interest income and net commission income increased due to international expansion (NII 2003 included a € 33 MM dividend from FGH)
- | Gross loan-loss provisions have been reduced by € 306 MM (excluding the risk shelter from HVB of € 130 MM)
- | International expansion resulted in higher general administrative expenses
- | In 2003, net income from investments included a € 33 MM write-off on FGH Bank
- | Income taxes include deferred tax yield on capitalised losses carried forward of € 103 MM which are disregarded in the ROE of 4%

| 10 | Note

1. Excluding income from deferred taxes on capitalised losses carried forward of € 103 MM

Hypo Real Estate Group

Quarterly development 2004

Summary of quarterly financial data 2004				
(€MM)	Q1	Q2	Q3	Q4
Net interest income	166	180	161	176
Provisions for losses on loans and advances	71	75	75	55
Net interest income after provisions for losses on loans and advances	95	105	86	121
Net commission income	24	25	35	10
Net trading income	-	2	3	6
General administrative expenses	72	77	80	86
Balance of other operating income/expenses	1	1	3	-5
Operating profit/loss	48	56	47	46
Net income from investments	11	4	-1	33
Balance of other income/expenses	-4	-1	-5	-13
thereof: Restructuring expenses	3	2	5	11
Net income/loss before taxes	55	59	41	66
Taxes on income	14	16	5	-85
thereof: Deferred taxes on capitalised losses carried forward	-	-	-	-103
Net income/loss	41	43	36	151
Operating revenues	191	208	202	187

- | Loan-loss provisions in Q4 lower due to revised portfolio-based provision model consistent with IAS 39
- | Fee income lower in Q4 due to introduction of new fee recognition policy
- | “Capital Markets” increasingly generated net trading income
- | Net income from investments in Q4 primarily resulted from sale of securities at WuerttHyp and Hypo Germany

Hypo Real Estate Group

Results in line with profit targets

Key Figures		
(€ MM)	Target 2004	2004
Total Operating Revenues	≈ 790 - 805	788
Risk Provisions	≈ 275 - 285	276
General Administrative Expenses	≈ 300 - 310	315
Profit before taxes	≈ 205 - 225	221
ROE after taxes (%)	≈ 3.5% - 4.0%	4.0 ⁽¹⁾
Hypo International – Profit before taxes	≈ 175 - 185	195
WuerttHyp – Profit before taxes	≈ 55 - 60	60
Hypo Germany – Profit before taxes	≈ -20 - 0 ⁽²⁾	-9
RWA (€ Bn) ⁽³⁾	≈ 58	51.0

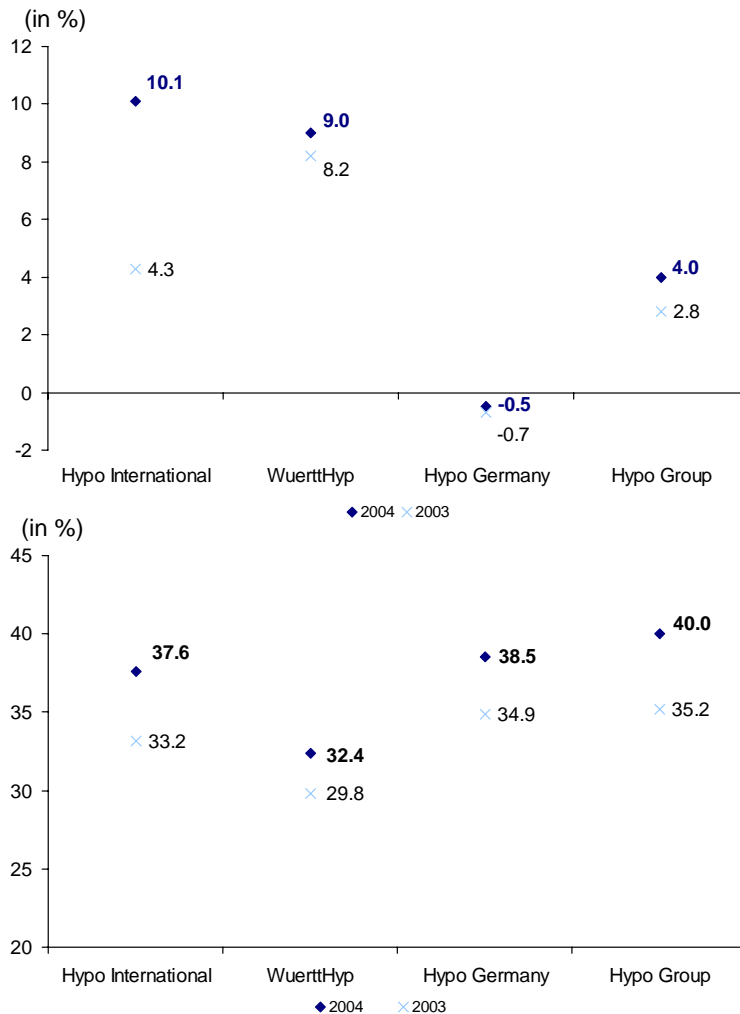
- I Despite weaker USD operating revenues are in line. Net profits not effected due to currency hedging
- I Due to portfolio sales the general administrative expenses were higher than planned
- I RWA lower due to bigger reductions in Hypo Germany - leading to a better capitalisation (Group Tier 1 ratio of 8.3%)

| 12 | Notes

1. Excluding income from capitalised losses carried forward of € 103 MM
2. Revised in September 2004 after portfolio sale
3. According to BIS

Hypo Real Estate Group

ROE and Cost-Income-Ratio improved



ROE after taxes⁽¹⁾

- I Despite additional expenses of 15 MM from portfolio sales in Hypo Germany, ROE of Hypo Group is at upper end of our target range for 2004
- I Hypo International's ROE more than doubled compared to 2003 and increased by 0.7 percentage points versus adjusted ROE of 2003

Cost-Income-Ratio⁽²⁾

- I Hypo Group's and Hypo Germany's Cost-Income-Ratio higher than planned, reflecting additional expenses from portfolio sales
- I Cost-Income-Ratio of Hypo International higher due to international expansion and the establishment of "Capital Markets"

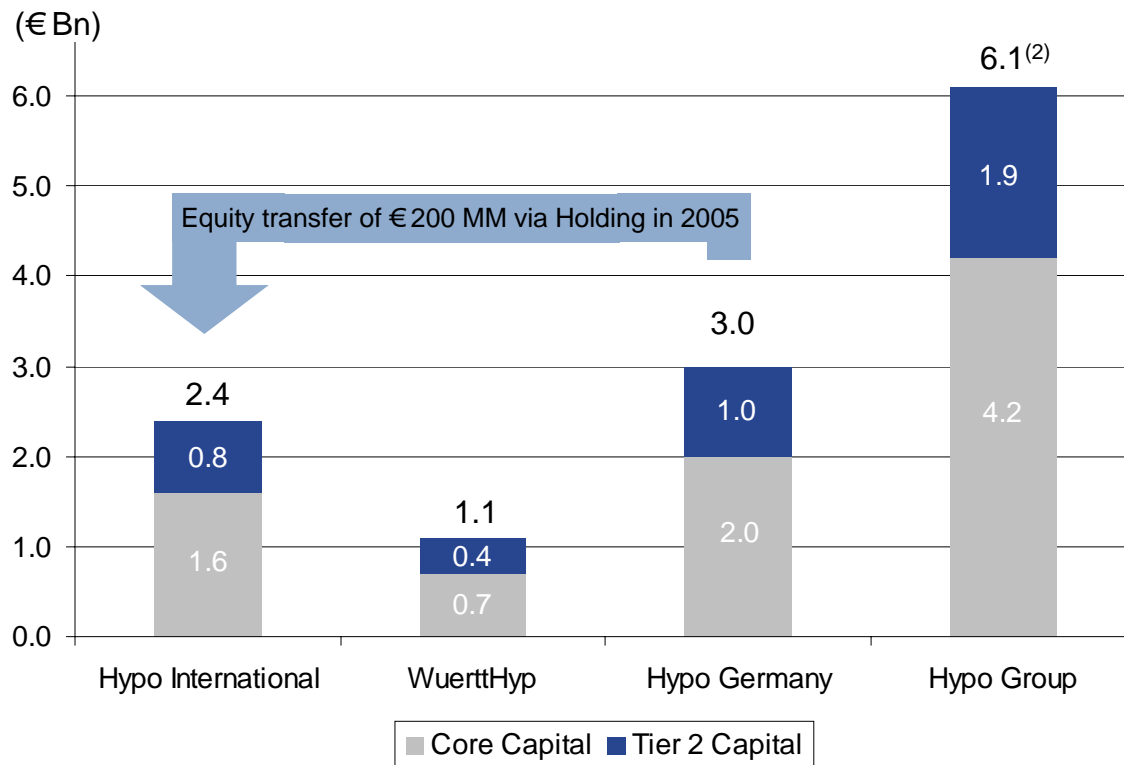
| 13 | **Notes**

1. Excluding deferred taxes on capitalised losses carried forward
2. Based on operating revenues (excluding net income from investments)

Hypo Real Estate Group

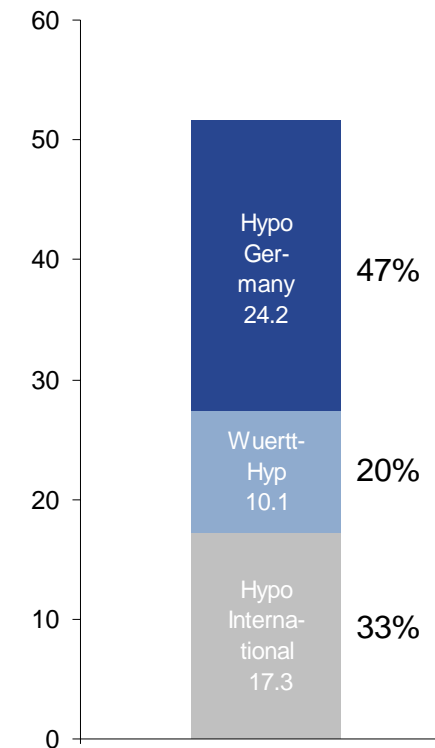
All entities are well capitalised and can finance significant growth

Core Capital and Total Capital⁽¹⁾



Tier 1 Ratio (%) ⁽¹⁾	9.2	7.1	8.4	8.3
Target Tier 1 Ratio (%) ⁽¹⁾	8.5	6.75	7.0	
Total Equity Funds Ratio (%) ⁽¹⁾	12.6	10.6	12.4	11.7

RWA⁽¹⁾



100% = €51.0 Bn⁽³⁾

| 14 | Notes

1. According to BIS
2. €-0.4 Bn consolidation effect
3. €-0.6 Bn consolidation effect

Hypo Real Estate Group

Strengthening the balance sheet and income statement

- I Introduction of portfolio risk provisioning according to IAS 39 (revised)
 - Stock of portfolio-based risk provisions increased by ~ € 100 MM to € 217 MM. Provisions are of precautionary nature and not linked to individual risks

- I Outsourcing of pension liabilities
 - Biometric and investment risks of Defined Benefit Obligations (acc. IAS 39) have been reinsured as of January 1, 2005 using a “Qualified Insurance Policy” from a third party; therefore Hypo Group is free of future liabilities resulting from pension obligations

- I Introduction of new fee recognition policy
 - Increased deferral of fees

- I Capitalisation of tax losses carried forward
 - According to IAS 12 a tax gain of € 103 MM was realised due to the capitalisation of deferred taxes. Only a quarter of our tax losses carried forward are being used

Hypo Real Estate Group

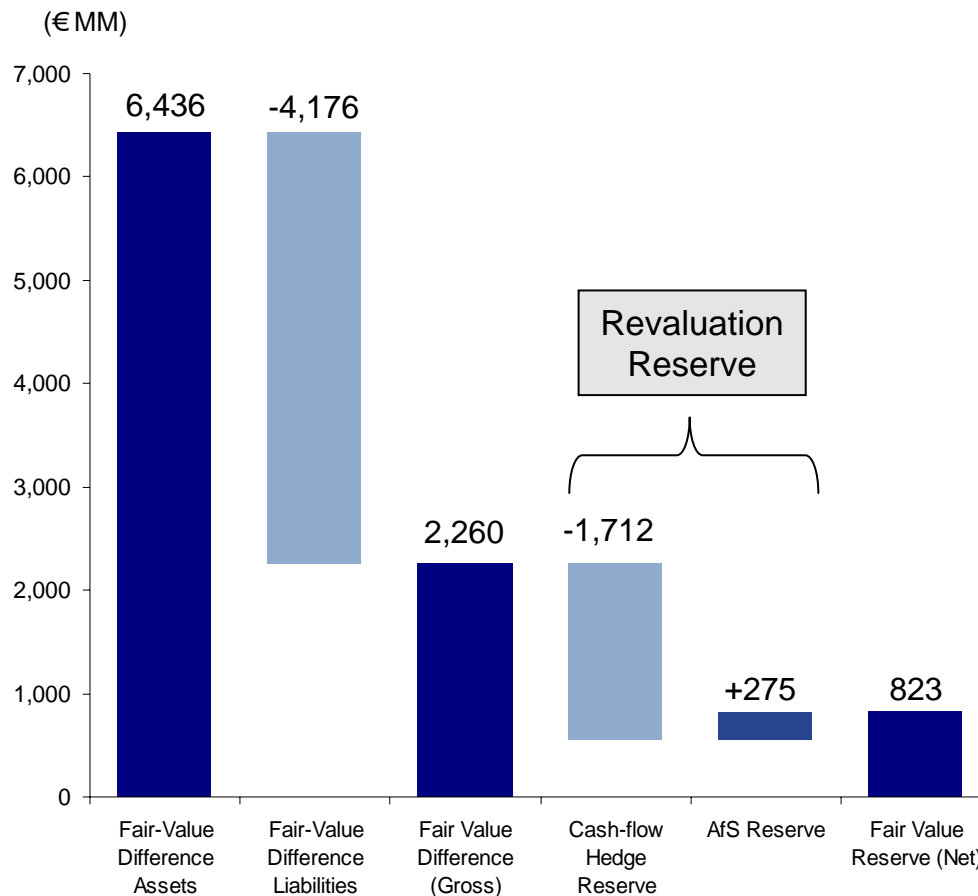
Balance sheet overview

ASSETS	2004	2003	CHANGE	
in MM €				in %
Cash reserve	275	489	-214	-43.8
Assets held for trading purposes	1,513	-	+1,513	> +100
Placements with, and loans and advances to, other banks	21,651	24,981	-3,330	-13.3
Loans and advances to customers	77,044	85,505	-8,461	-9.9
Allowances for losses on loans and advances	-776	-1,896	+1,120	+59.1
Investments	36,165	36,471	-306	-0.8
Intangible assets	29	13	+16	> +100
Property, plant and equipment	15	29	-14	-48.3
Other assets	7,479	5,029	+2,450	+48.7
Tax assets	4,733	2,256	+2,477	> +100
Total assets	148,128	152,877	-4,749	-3.1
EQUITY AND LIABILITIES	2004	2003	CHANGE	
in MM €				in %
Deposits from other banks	18,552	19,351	-799	-4.1
Amounts owed to other depositors	8,824	7,844	+980	+12.5
Promissory notes and other liabilities evidenced by securities	99,173	110,153	-10,980	-10.0
Liabilities held for trading purposes	926	-	+926	> +100
Provisions	221	210	+11	+5.2
Other liabilities	11,654	8,786	+2,868	+32.6
Tax liabilities	3,609	1,273	+2,336	> +100
Subordinated capital	2,297	2,476	-179	-7.2
Liabilities	145,256	150,093	-4,837	-3.2
Equity attributable to equity holders	2,856	2,770	+86	+3.1
<i>thereof revaluation reserve</i>	-1,437	-1,415	-22	-1.6
Minority interests	16	14	+2	+14.3
Equity	2,872	2,784	+88	+3.2
Total equity and liabilities	148,128	152,877	-4,749	-3.1
Contingent liabilities and other commitments	7,786	11,602	-3,816	-32.9

- | Total assets decreased by € 4.7 Bn, primarily reflecting the reduction of the German Portfolio
- | State finance decreased by € 6.5 Bn; real estate loans increased by € 1.2 Bn
- | Tax assets consist almost entirely of deferred taxes (€ 4,719 MM)
- | Covered mortgage bonds amount to € 29.5 Bn (2003: € 31.9 Bn); public-sector bonds amount to € 56.0 Bn (2003: € 67.8 Bn)
- | Tax liabilities consist almost entirely of deferred taxes (€ 3,536 MM)
- | Equity (excluding Revaluation Reserve) slightly increased from € 4.2 Bn to € 4.3 Bn
- | Contingent liabilities primarily consist of synthetically transferred loan portfolio and loan commitments

Hypo Real Estate Group

Economic assessment of the Cash-flow Hedge Reserve



I The Fair-Value valuation according to IAS 32 leads to a Fair-Value Reserve (Gross) in the financial assets of about €2,260 MM

I The Revaluation Reserve of €-1,437 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 still accounted at cost

I The Fair-Value Reserve of financial assets exceeds the negative Revaluation Reserve of roughly €0.8 Bn

I The Fair Value reduction vs. 2003 is due to the portfolio reduction in Hypo Germany and shorter rollover periods

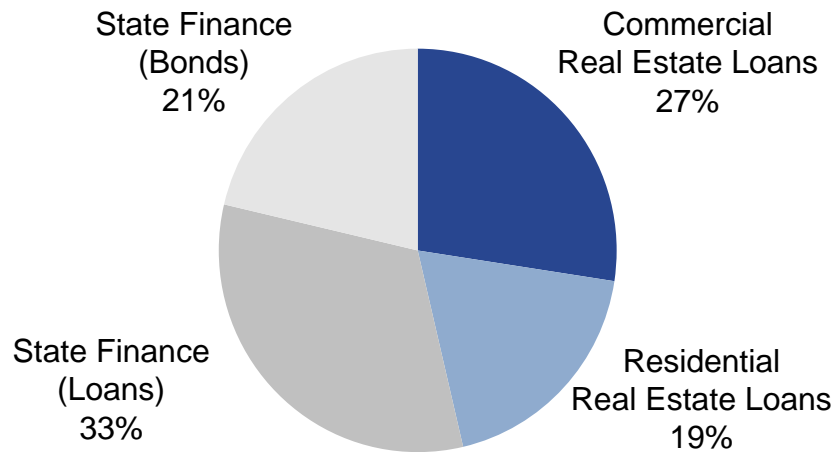
I Equity has not been diluted, so that the economic equity is €4,309 MM⁽¹⁾

| 17 | **Note**
1. Excluding the Revaluation Reserve

Hypo Real Estate Group

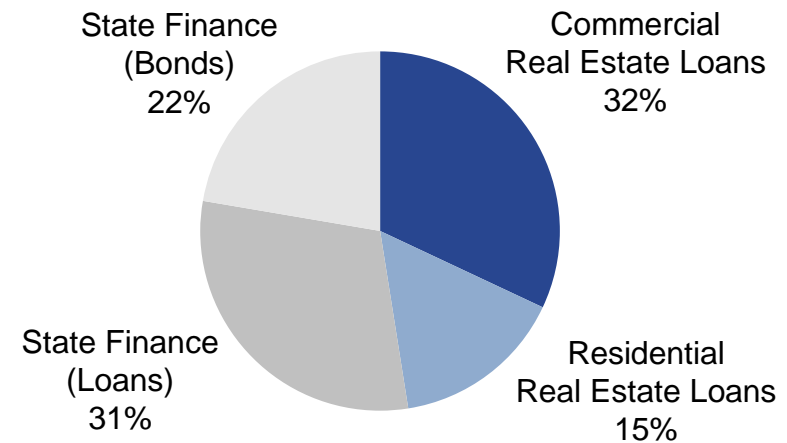
The group portfolio has been reduced by €11.5 Bn

SPLIT BY PRODUCT
Total Portfolio 12/2003^(1,2)



100% = €137.5 Bn

SPLIT BY PRODUCT
Total Portfolio 12/2004^(1,3)



100% = €126.0 Bn

- | Reduction of €7.6 Bn in state finance (bonds and loans)
- | Decrease of €3.9 Bn in real estate loan portfolio

| 18 | **Notes**

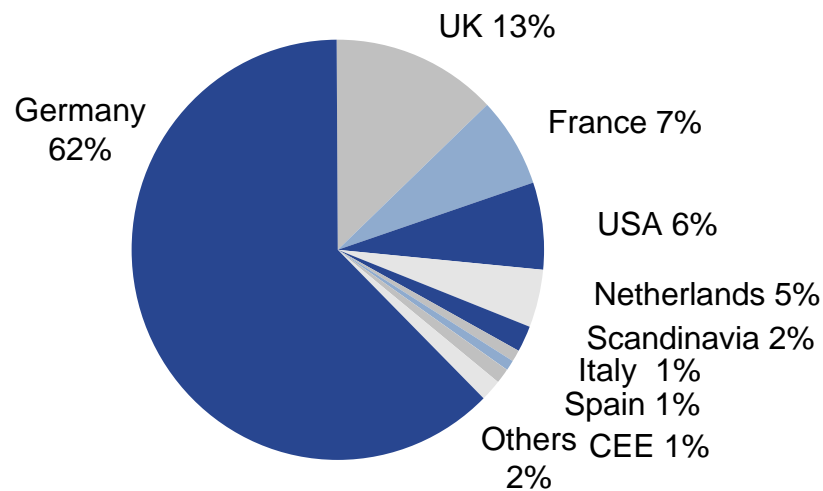
1. Based on commitments (Hypo Germany loans outstanding)
2. Internal, unaudited figures as of 12/2003
3. Internal, unaudited figures as of 12/2004

Hypo Real Estate Group

Geographical diversification has further increased...

SPLIT BY REGION

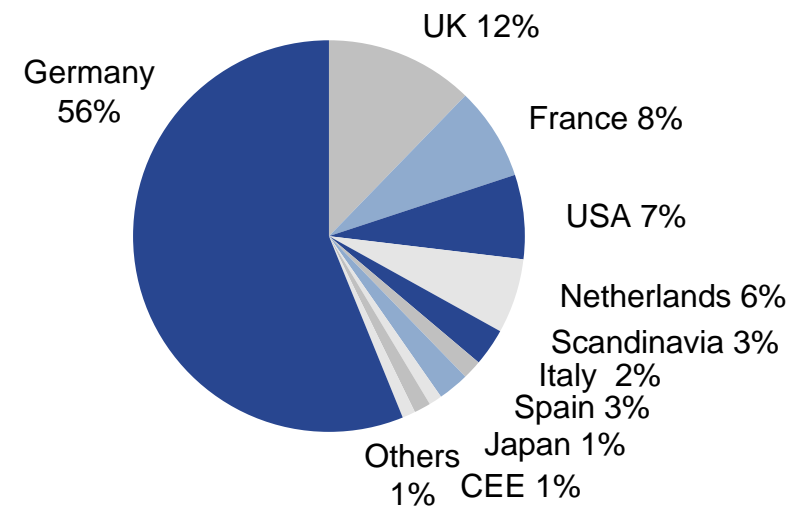
Real Estate Loan Portfolio 12/2003^(1,2)



100% = €63.6 Bn

SPLIT BY REGION

Real Estate Loan Portfolio 12/2004^(1,3)



100% = €59.7 Bn

I Strategic decrease of the German loan portfolio

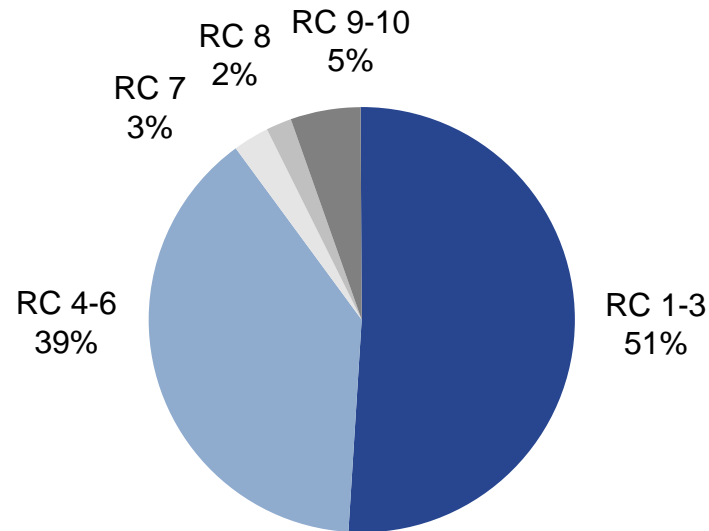
| 19 | **Notes**

1. Based on commitments (Hypo Germany loans outstanding)
2. Internal, unaudited figures as of 12/2003
3. Internal, unaudited figures as of 12/2004

Hypo Real Estate Group

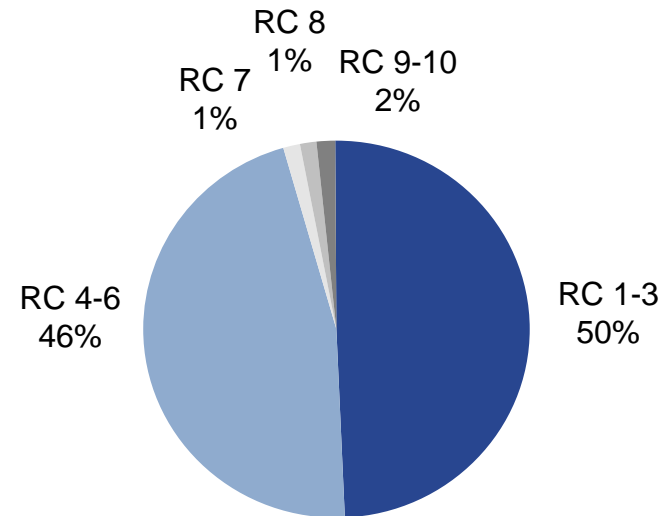
...while the overall asset quality has improved significantly

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

I Risk provisions of € 792^(3,4) MM resulting in a NPL⁽⁵⁾ coverage ratio of about 68%

| 20 | **Notes**

1. Based on commitments (Hypo Germany loans outstanding)
2. Internal, unaudited figures
3. Including accrued interest
4. Allowances for losses on loans and advances and provisions for losses on guarantees and indemnities
5. Risk classes 9+10 incl. accrued interest

Hypo Real Estate Bank International

Hypo Real Estate Bank International

Key Financials 2004

Key Financials (IFRS)				
(€MM)	2004	2003	Q4 / 2004	¼ / 2003
Net interest income	224	137	60	34
Provisions for losses on loans and advances	33	37	-9	9
Net interest income after provisions for losses on loans and advances	191	100	69	25
Net commission income	126	55	23	14
Net trading income	11	-	6	-
General administrative expenses	136	64	40	16
Balance of other operating income/expenses	1	1	-2	-
Operating profit/loss	193	92	56	23
Net income from investments	3	-5	2	-1
Balance of other income/expenses	-1	-	-1	-
Net income/loss before taxes	195	87	57	22
Taxes on income	47 ⁽¹⁾	30	15 ⁽¹⁾	8
Net income/loss	148	57	42	14
Total assets (€Bn)	23	16		
Tier 1 (€MM) ⁽²⁾	1,584	1,300		
Total lending volume (€Bn)	18	18		
RWA (€Bn) ⁽²⁾	17.3	14.5		
CIR (%)	37.6	33.2		
LLP in bp of total loans	19	21		
ROE after taxes (%)	10.1 ⁽¹⁾	4.3		
Operating revenues	362	193	87	48

- I The purchase of the US-portfolio from HVB (Dec 2003) and new business boosted net interest income and net commission income in 2004
- I Despite portfolio growth loan-loss provisions lower than in 2003, resulting from adoption of portfolio-based risk provisioning according to IAS 39
- I “Capital Markets” generated trading income for the first year
- I International expansion, establishment of “Capital Markets” and inclusion of US costs resulted in higher general administrative expenses
- I Profit before taxes more than doubled; net income increased even more as tax rate has improved

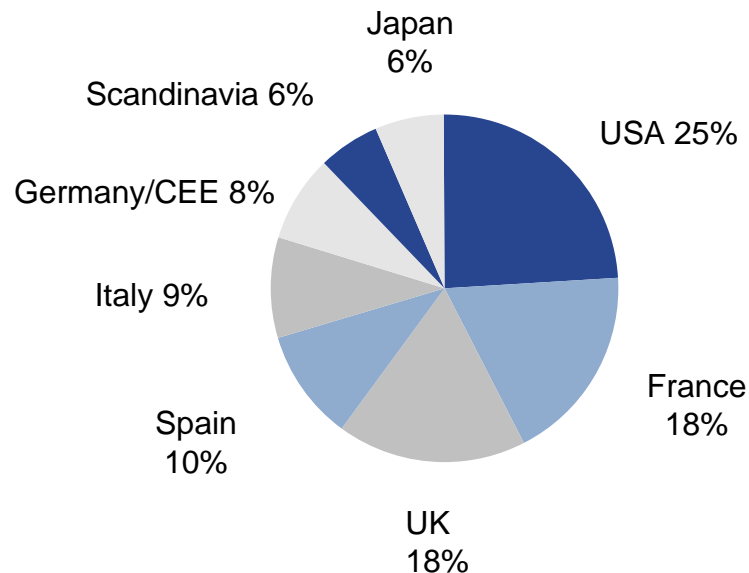
| 22 | Notes

1. Excluding income from deferred taxes on capitalised losses carried forward of € 1 MM
2. According to BIS

Hypo Real Estate Bank International

New business of €9.8 Bn exceeded our target

SPLIT BY REGION
New Business 01/2004 - 12/2004^(1,2,3)



100% = €9.8 Bn

- I €3.7 Bn of new business in Q4 result in €9.8 Bn of new lending business in 2004
- I Prepayments and repayments amounted to €6.5 Bn; additional reduction of portfolio by €0.3 Bn due to the weaker USD
- I Total portfolio increase of €3.0 Bn
- I Well balanced regional mix of new business increases diversification
- I Major regions USA, France and UK
- I New business on average written at more than 140 Bp net interest margin yielding 14% IRR

| 23 | **Notes**

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

Hypo Real Estate Bank International Transaction highlights 2004 - combination of state of the art structuring capabilities with big ticket underwriting capacity



WINTEN LTD.,
A client of REIT

£88 million

Sole Arranger & Underwriter:
Financing of the P2P of
Estates & General Plc.

UK



€53.9 million

Arranger & Underwriter:
Pan European Prada Portfolio

Italy

CDC GROUPE,
GE REAL ESTATE FRANCE,
THE WHITEHALL FUND

€1.2 billion

Co-lead arranger
and facility agent:
Refinancing of France Telecom
properties portfolio.
France



€330 million

Arranger & Underwriter:
Prime Finnish Retail Property
Portfolio.

Finland

Two Grand
Central Tower, LLC

\$175 million

Agent & Underwriter: Interim
Financing for Two Grand Central
Tower, New York, New York
Office
United States



FORTRESS

€246 million

Arranger & Underwriter:
Acquisition Financing
Deutsche Bank Portfolio.

Germany

WMCV PHASE 1, LLC

\$165 million

Agent & Underwriter:
Construction financing for
World Market Center, Las
Vegas, Nevada, Retail
United States



€155 million

Arranger & Underwriter:
Acquisition Financing
Business Park

Spain



€94 million

Agent & Arranger:
Acquisition Financing Office
Building in Bagneux

France

Lone Star Group

JPY 56 Bn

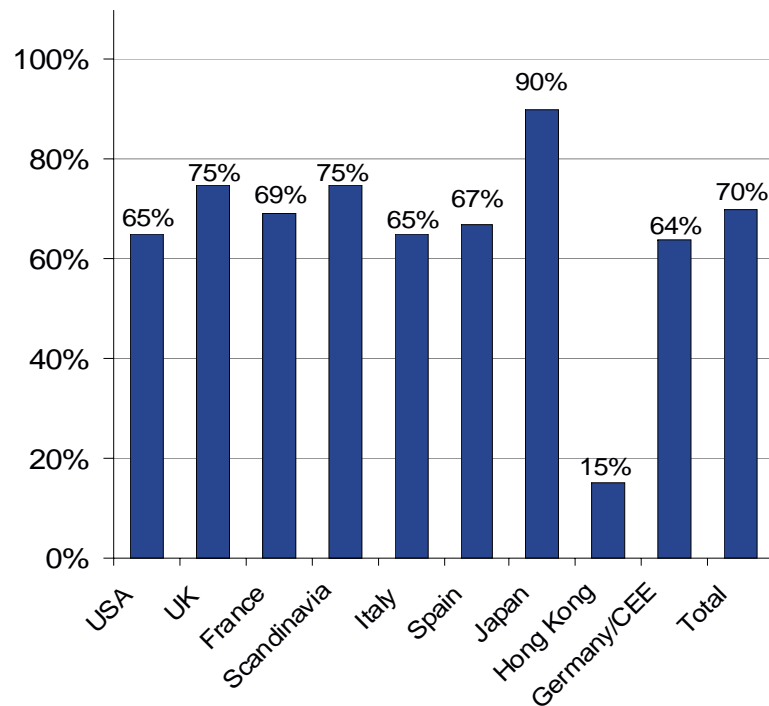
Co-Arranger:
Mezzanine debt provider for
acquisition of 3 office properties in
Tokyo.

Japan

Hypo Real Estate Bank International

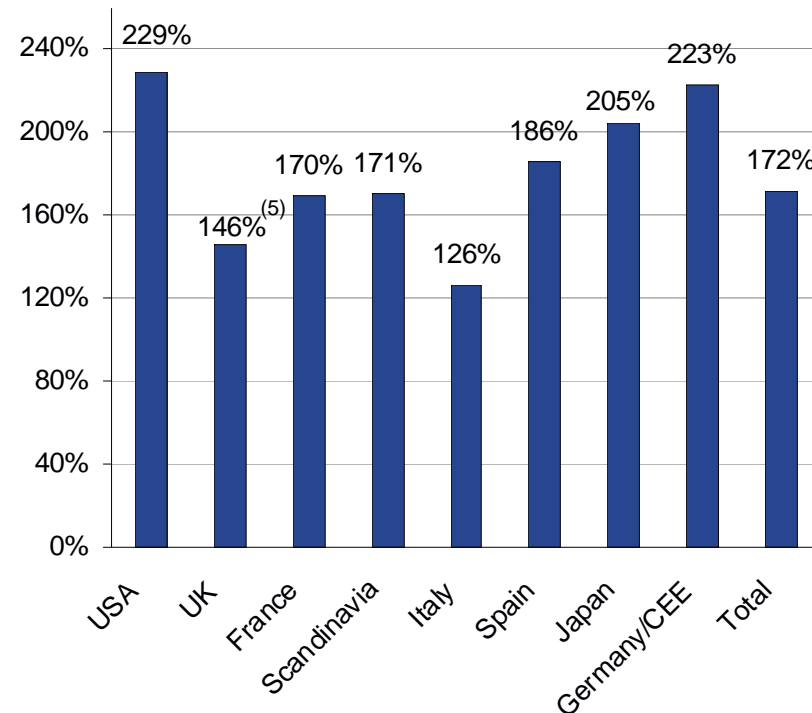
Ongoing sound LTV and DSC ratios

LTV PER COUNTRY 12/2004⁽¹⁾



100% = €14.1 Bn⁽³⁾

DSC PER COUNTRY 12/2004⁽²⁾



100% = €11.1 Bn⁽⁴⁾

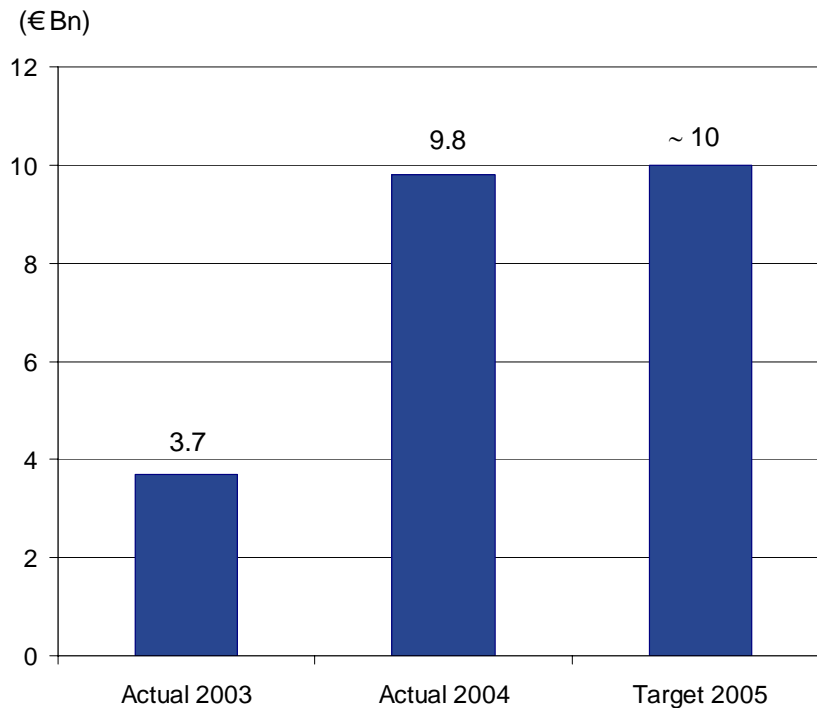
Notes

- | 25 |
1. Based on internal, unaudited closed commitments as of 12/2004.
 2. Based on internal, unaudited loans outstanding as of 12/2004.
 3. Weighted by closed commitments, which exclude corporate loans (€0.3 Bn), VAT Bridge loans (€0.6 Bn), guarantees (€0.5 Bn), totally undrawn loans (€1.2 Bn) and others (€0.3 Bn)
 4. Weighted by loans outstanding, excluding corporate loans (€0.1 Bn), construction (incl. VAT for construction: €1.6 Bn) and others (€0.8 Bn)
 5. ISC because DSC not meaningful due to non-fixed amortisation schedule

Hypo Real Estate Bank International

Planned new business in 2005

New real estate business⁽¹⁾



- I 2005 we plan new business of around € 10 Bn which should lead to a portfolio increase of € 3.5 - 4 Bn
- I ~ 20% net portfolio growth
- I Our capacity to structure and execute global transactions has been enhanced by establishing the three regional platforms Europe, America and Asia

Hypo Real Estate Bank International

Outlook

- I Maintaining our strict risk-return profile, we will grow our portfolio further
- I "Capital Markets" division (created at the beginning of 2004) will extend value chain and will generate additional income
- I Hypo International aims to exceed its cost of capital with a target profit before taxes of between € 250 MM and € 270 MM (2005)
- I In the medium term, we are aiming to originate € 8 - 12 Bn of new business p.a. which is sufficient to achieve our profitability targets

WuerttHyp

WuerttHyp Key Financials 2004

Key Financials (IFRS)				
(€MM)	2004	2003	Q4 / 2004	¼ / 2003
Net interest income	108	110	26	27
Provisions for losses on loans and advances	23	25	9	6
Net interest income after provisions for losses on loans and advances	85	85	17	21
Net commission income	-6	-4	-2	-1
General administrative expenses	33	31	9	8
Balance of other operating income/expenses	-	-2	-1	-
Operating profit/loss	46	48	5	12
Net income from investments	14	6	9	1
Balance of other income/expenses	-	-	-	-
Net income/loss before taxes	60	54	14	13
Taxes on income	1	2	1	-
Net income/loss	59	52	13	13
Total assets (€Bn)	35	30		
Tier 1 (€MM) ⁽¹⁾	710	646		
Total lending volume (€Bn)	21	19		
RWA (€Bn) ⁽¹⁾	10.1	9.4		
CIR (%)	32.4	29.8		
LLP in bp of total loans	11	13		
ROE after taxes (%)	9.0	8.2		
Operating revenues	102	104	23	26

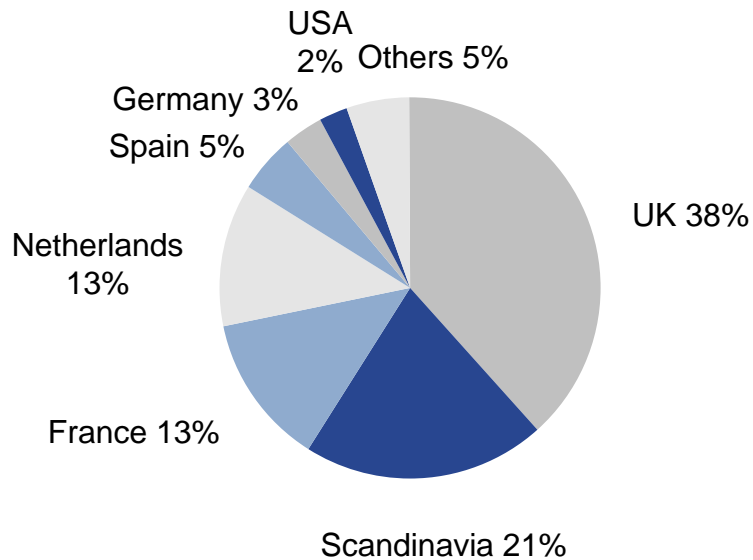
- | Solid performance of WuerttHyp; operating income and expenses nearly stable
- | Net income from investments higher, resulting from the sale of securities
- | Accordingly, pre-tax profit higher than in previous year

WuerttHyp

New business of €2.5 Bn in 2004

SPLIT BY REGION

New Business 01/2004 - 12/2004⁽¹⁾



100% = €2.5 Bn⁽²⁾

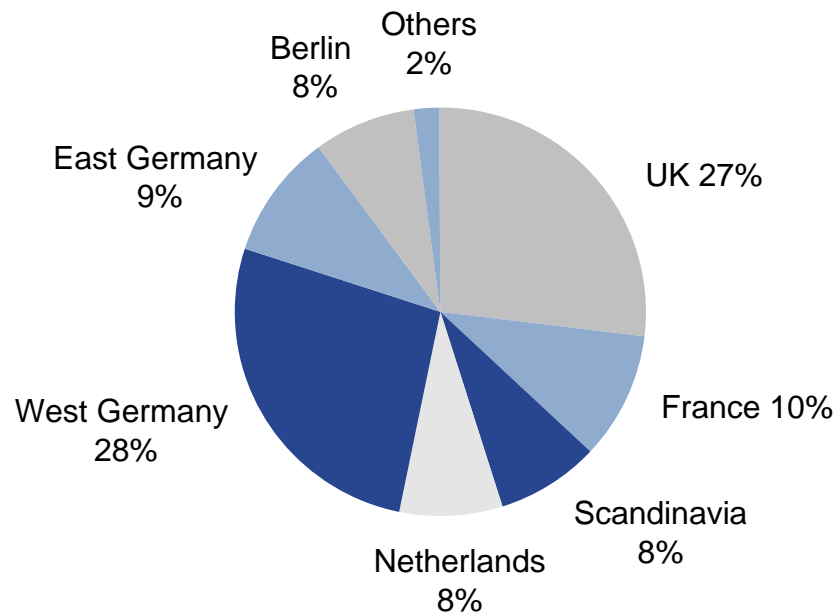
- I New lending business of €2.5 Bn is a record for WuerttHyp
- I New business was well diversified across Europe
- I Prepayments and repayments of €1.5 Bn led to a portfolio increase of €1.0 Bn

| 30 | **Notes**

1. Based on commitments after syndication
2. Excluding €1.0 Bn of UK Portfolio refinanced and booked by WuerttHyp and guaranteed by Hypo International

SPLIT BY REGION

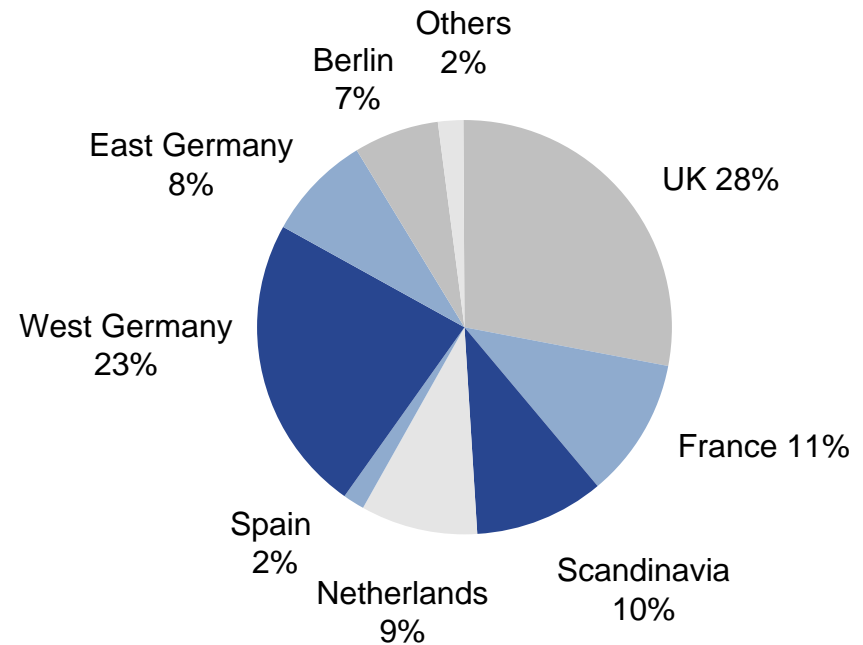
Real Estate Loan Portfolio 12/2003^(1,2)



100% = €11.0 Bn⁽³⁾

SPLIT BY REGION

Real Estate Loan Portfolio 12/2004^(1,4)



100% = €12.0 Bn⁽⁵⁾

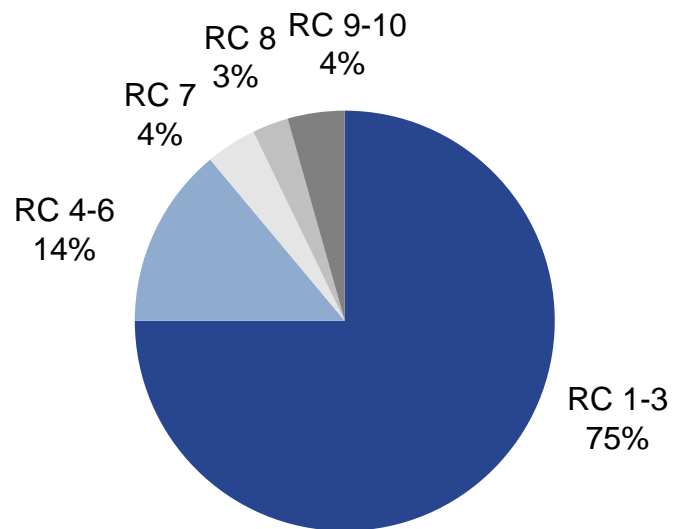
| 31 | **Notes**

1. Based on commitments
2. Internal, unaudited figures as of 12/2003
3. Excluding € 1.2 Bn tranche of US portfolio guaranteed by Hypo International
4. Internal, unaudited figures as of 12/2004
5. Excluding € 0.5 Bn tranche of US portfolio and € 1.0 Bn UK portfolio guaranteed by Hypo International

WuerttHyp ...while the quality remained stable

SPLIT BY RISK CLASS

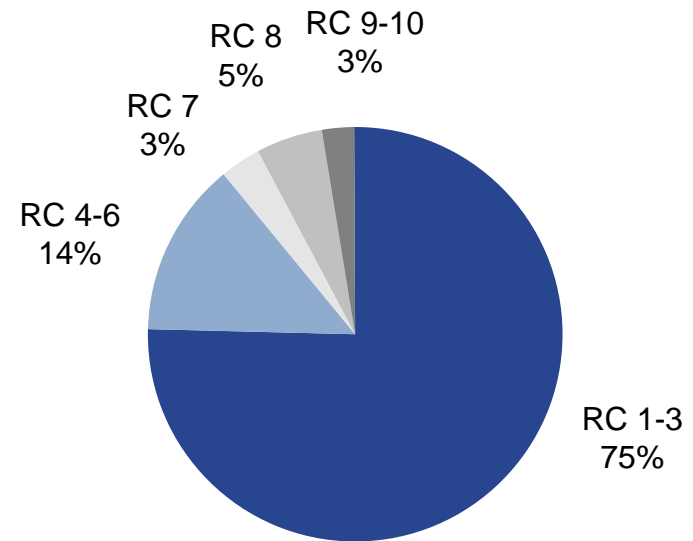
Real Estate Loan Portfolio 12/2003^(1,2)



100% = €11.0 Bn⁽³⁾

SPLIT BY RISK CLASS

Real Estate Loan Portfolio 12/2004^(1,4)



100% = €12.0 Bn⁽⁵⁾

| 32 | Notes

1. Based on commitments
2. Internal, unaudited figures as of 12/2003
3. Excluding €1.2 Bn tranche of US portfolio guaranteed by Hypo International
4. Internal, unaudited figures as of 12/2004
5. Excluding €0.5 Bn tranche of US portfolio and €1.0 Bn UK portfolio guaranteed by Hypo International

I Increased synergies

- Discontinuation of listing requirements (e.g. Annual General Meetings and publications)
- No further obligation to pay the guaranteed dividend of ~ €1 MM to the minority shareholders
- Easier decision processes

I The price for the remaining minority shares is €56.50 based on an evaluation by KPMG. In addition, an independent auditor (PWC) was appointed by the local court in Stuttgart to consider the adequacy

I The squeeze-out is on the agenda of WuerttHyp's next AGM on May 12, 2005

- I WuerttHyp will continue its proven and successful business model as part of Hypo Group and will focus on the origination of Pfandbrief-eligible loans (“low risk approach”)
- I Close co-operation with Hypo International will support the growth of WuerttHyp as well as optimize Hypo Group’s funding base
- I Planned new business of € 2.5 Bn⁽¹⁾ for 2005 will be underwritten in international markets
- I Increase of profitability with a target profit before taxes planned between € 65 MM and € 70 MM (2005)

Hypo Real Estate Bank Germany

Hypo Real Estate Bank Germany

Key Financials 2004

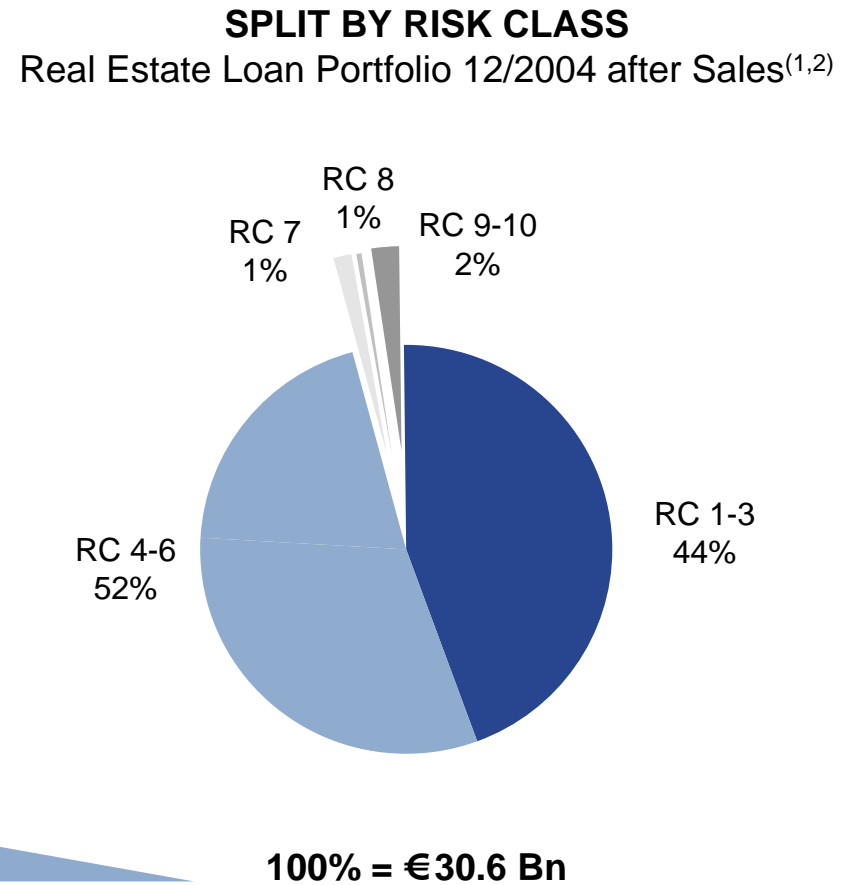
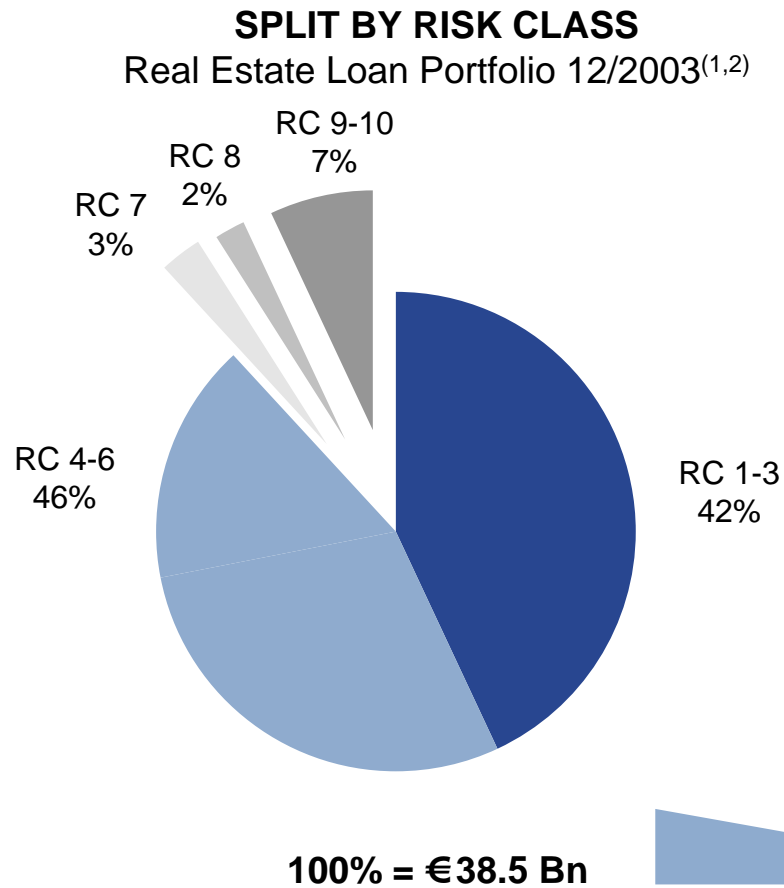
Key Financials				
(€MM)	2004	2003	Q4 / 2004	¼ / 2003
Net interest income	354	420	90	105
Provisions for losses on loans and advances	220	190	55	48
Net interest income after provisions for losses on loans and advances	134	230	35	57
Net commission income	-25	-6	-10	-2
General administrative expenses	126	152	31	38
Balance of other operating income/expenses	-2	22	-3	6
Operating profit/loss	-19	94	-9	23
Net income from investments	31	-2	22	-
Balance of other income/expenses	-21	-103	-11	-26
thereof: Restructuring expenses	21	86	11	22
Net income/loss before taxes	-9	-11	2	-3
Taxes on income	1 ⁽¹⁾	5	2 ⁽¹⁾	1
Net income/loss	-10	-16	0	-4
Total assets (€ Bn)	92	108		
Tier 1 (€MM) ⁽²⁾	2,044	2,262		
Total lending volume (€ Bn)	62	76		
RWA (€Bn) ⁽²⁾	24.2	30.6		
CIR (%)	38.5	34.9		
LLP in bp of total loans ⁽³⁾	56	85		
ROE after taxes (%)	-0.5 ⁽¹⁾	-0.7		
Operating revenues	327	436	77	109

- I Net interest income decreased substantially due to portfolio reduction; 2003 includes FGH Bank dividend of € 33 MM
- I Gross loan loss provisions have been reduced by € 300 MM (excluding risk shelter from HVB of € 130 MM (2003: € 460 MM))
- I Net commission income lowered by outplacement expenses
- I General administrative expenses lower due to reduced headcount (from 904 to 592) and IT costs
- I Net income from investments higher in Q4, primarily due to sale of securities; 2003 includes write-off on FGH Bank of € 33 MM

| 36 | Notes

1. Excluding income from deferred taxes on capitalised losses carried forward of € 80 MM
2. According to BIS
3. Excluding risk shelter from HVB AG

Hypo Real Estate Bank Germany Portfolio is now of outstanding quality

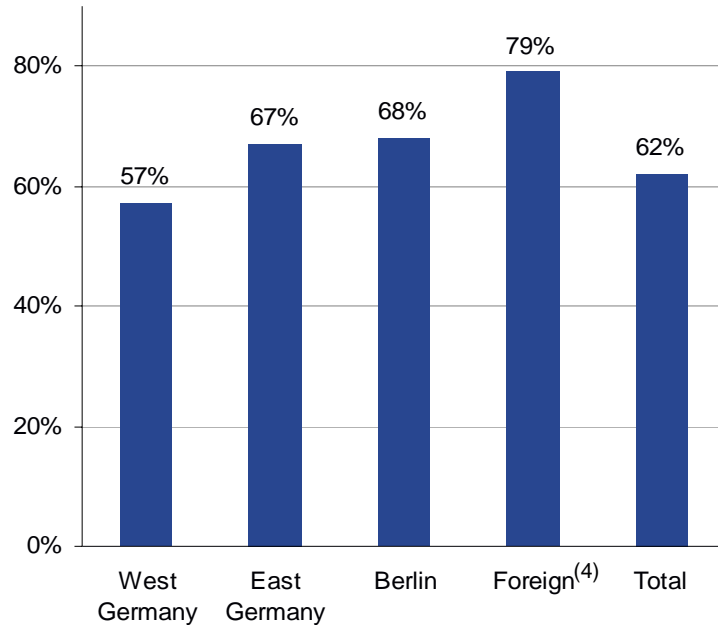


1. Based on loans outstanding
2. Internal, unaudited figures

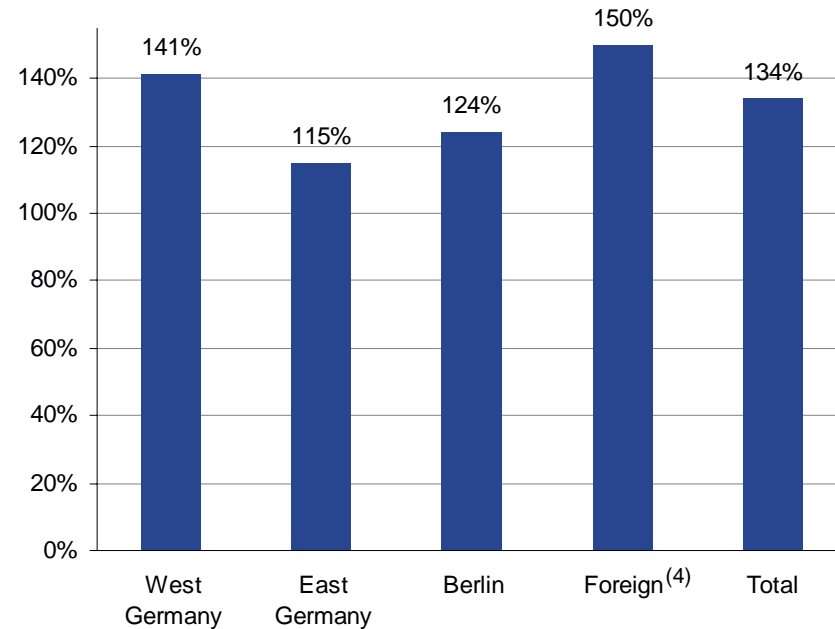
Hypo Real Estate Bank Germany

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

**LTMV (Loan To Mortgage Value)
PER REGION 12/2004^(1,2,3)**



**DSC (Debt Service Coverage)
PER REGION 12/2004^(1,2,3)**



Calculated on effective debt service of 8.2% on average

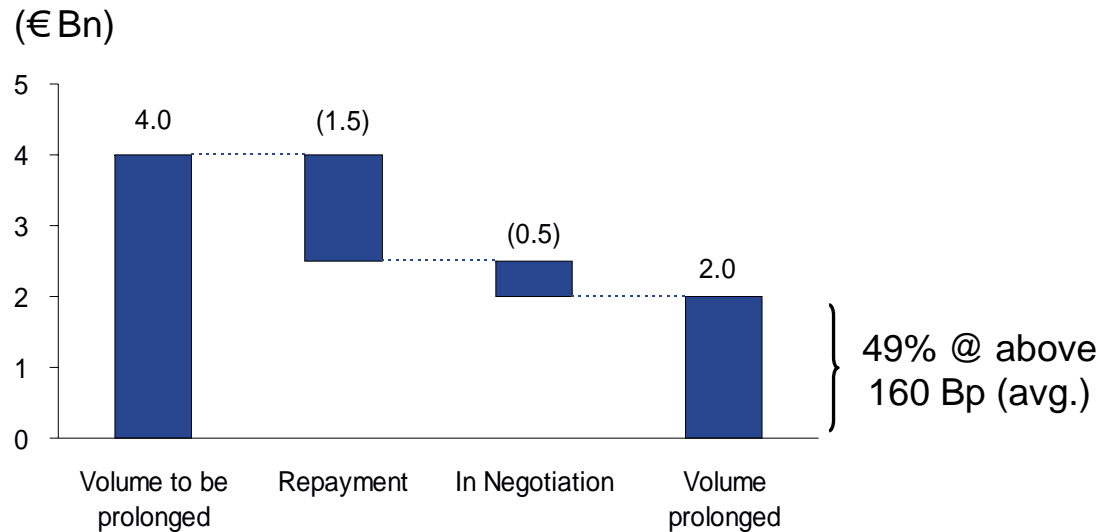
| 38 | **Notes**

1. Loans to private and commercial investors as well as housing associations in rating class 1-8
2. Internal, unaudited figures
3. Not included: retail residential, risk classes 9-10 and property developers
4. Predominantly Dutch portfolio of former WestHyp

Hypo Real Estate Bank Germany

Continued success in repricing existing loans...

Jan 2004 - Dec 2004

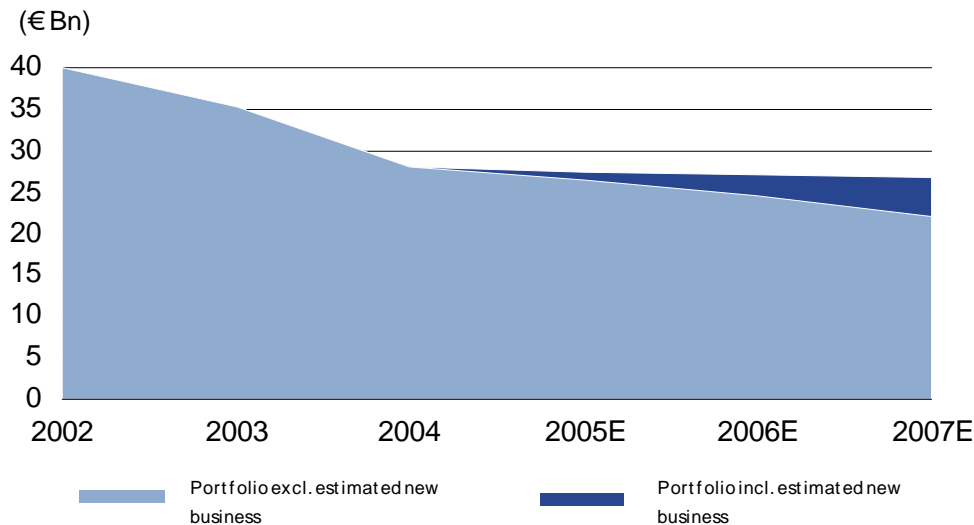


- | The successful prolongation strategy will be continued
- | 59% prolongation rate with commercial customers
- | 17% prolongation rate with retail customers, in line with strategy
- | Shorter prolongation periods

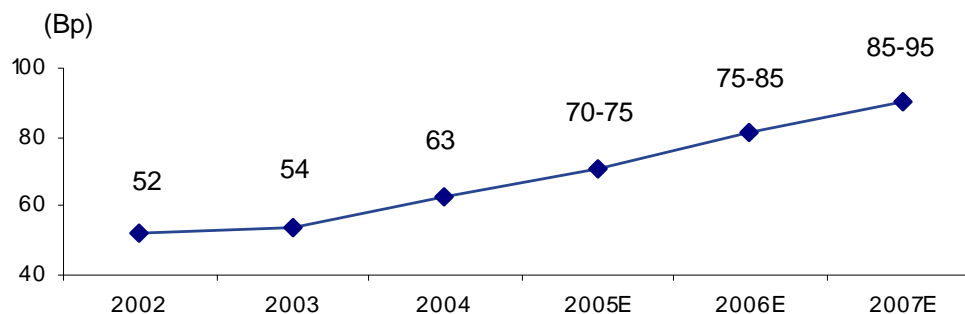
Hypo Real Estate Bank Germany

...which leads to a strong improvement of the total book's profitability

RE PORTFOLIO DEVELOPMENT INCL. NEW BUSINESS⁽¹⁾



MARGIN DEVELOPMENT OF THE RE PORTFOLIO⁽¹⁾



- I In 2005, the reduction of the underlying portfolio will continue because of:
 - Continuation of our prolongation strategy (assumed prolongation rate of 60%)
 - Modestly planned new business volume of € 1 Bn in 2005

- I 2006 onwards the portfolio will remain stable with planned new business of:
 - € 2 Bn in 2006
 - € 3 Bn in 2007

- I Portfolio profitability increases through prolongations and new business at planned margins of 130 Bp interest income plus fees

Hypo Real Estate Bank Germany

Opportunities for new business in Germany

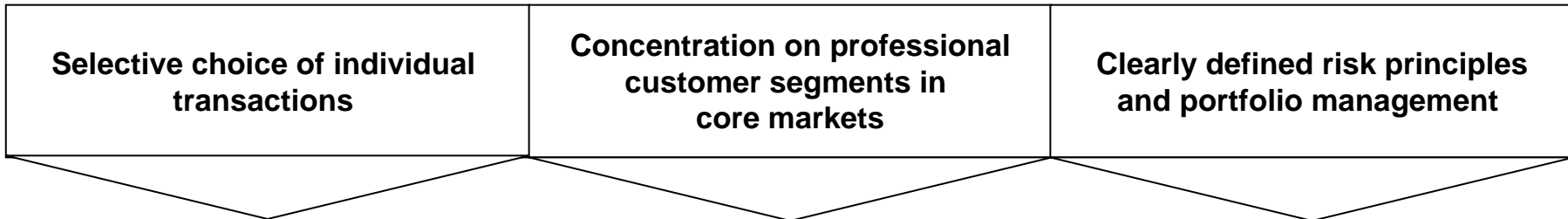
- I German real estate market is generally bottoming out but with different developments in individual markets
- I Due to reduced competition in commercial real estate lending, higher margins as well as fees can be achieved
- I Being the first real estate bank in Germany to complete its restructuring, Hypo Germany is well positioned to write new business
- I Opportunities we see in the German market include:
 - Sale and lease-back transactions
 - Privatisations of public real estate assets
 - Sales of non-strategic company assets
 - Sales of non-performing loan portfolios



Hypo Germany takes advantage of opportunities in the German commercial real estate market

Hypo Real Estate Bank Germany

Adapting the successful business model of Hypo International and WuerttHyp to Hypo Germany



- I Meeting a yield requirement of min. 11 % after tax
- I Minimum size of transactions: €5 - 10 MM
- I Structuring and pricing based on risk profile
- I Principal products
 - Structured finance
 - Pfandbrief-eligible lending

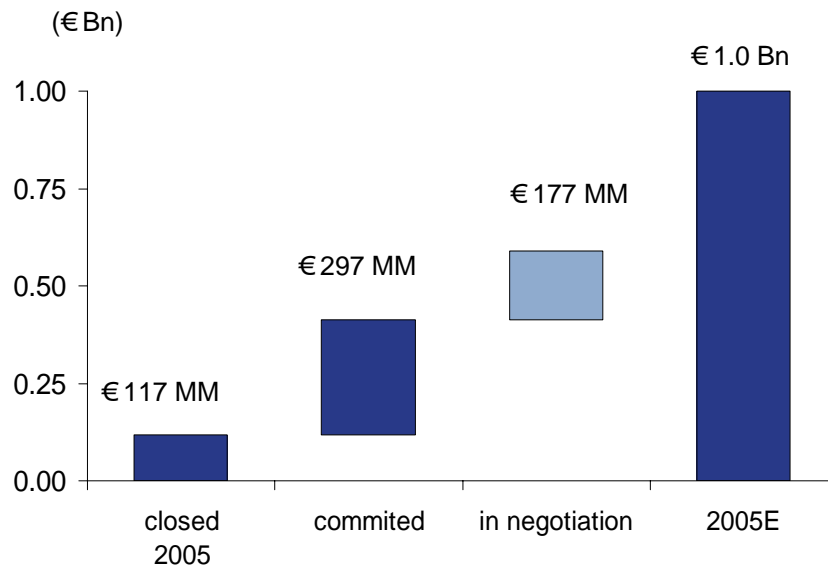
- I Focus on transactions in rating classes 1 - 4
 - International and national investors
 - Real estate funds
 - Commercial and residential property developers
- I Bank benefits from existing customer base, representing the “who’s who” in the industry
- I Focus on core markets
 - Munich, Berlin, Hamburg, Frankfurt, Rhine-Ruhr

- I Cash-flow based approach
- I Transactions with defined exits
- I Requirement of 20 - 30% cash equity injection
- I All discretions are centralised
- I Interest rate hedging
- I Implementation of an early warning system (LTMV, DSCR, covenants, reporting obligations of borrowers)

Hypo Real Estate Bank Germany

Already favourable new business in Germany

Overview of current new business activities as of February 25, 2005



| €414 MM have already been closed and committed in 2005

| IRR of the deals on average 12.6%⁽¹⁾

| 43 | Note

1. Calculated on the 5 largest deals which represent three quarters of new business as of 25/02/2005

Hypo Real Estate Bank Germany

Outlook

- | Re-launch of sales platform and selective underwriting of new business (€ 1.0 Bn for 2005)
- | Profitability increase in the portfolio will continue
- | Further savings in administrative expenses in 2005
- | Prudent risk provisioning of 35 - 45 Bp
- | 2005 will be the year of transition to regain profitability with a target profit before taxes of 95 - 105 MM

Hypo Real Estate Group

Hypo Real Estate Group

Business plan snapshot for 2005

Key Figures		
(€ MM)	Target 2005	2004
Total Operating Revenues	≈ 895 - 915 ⁽¹⁾	788
Risk Provisions	≈ 180 - 190	276
General Administrative Expenses	≈ 305 - 315	315
Profit before taxes	≈ 400 - 425	221
ROE after taxes (%)	≈ 7.5% - 8.0%	4.0 ⁽²⁾
Hypo International – Profit before taxes	≈ 250 - 270	195
WuerttHyp – Profit before taxes	≈ 65 - 70	60
Hypo Germany – Profit before taxes	≈ 95 - 105	-9
RWA (€ Bn) ⁽³⁾	≈ 56 - 57	51.0

- I Hypo Group aims to earn its cost of capital with a target ROE of 7.5 - 8.0%
- I Additional revenues of more than € 100 MM result from business expansion in HI as well as from margin improvement in Hypo Germany
- I ~ € 100 MM drop in loan loss provisions are due to return to normality in Hypo Germany
- I Stable general administrative expenses for Hypo Group; increase in HI is offset by savings in Hypo Germany
- I Strengthening of balance sheet in 2004 increases future planning reliability

| 46 | Notes

1. Including net income from investments
2. Excluding income from capitalised losses carried forward of € 103 MM
3. According to BIS

Hypo Real Estate Group

Medium-term perspectives for shareholders

- I Target ROE of 10 - 11% in 2007 as a result of:
 - Increase of HI's profitability to over 14%
 - Regaining profitability at Hypo Germany of 8 - 9%
 - Stable profitability at WuerttHyp of 10%
- I This should allow organic growth to be financed and part of the profit to be paid out to the shareholders
 - Envisaged growth rate in capital employed for the group of about 5% p.a. allows a stable dividend policy with a payout ratio of 40 - 50% medium-term

 **Our underlying business model is strong enough to finance strong organic growth and to pay an attractive dividend to our shareholders**

- IMPORTANT NOTICE -

This presentation is not an offer or invitation to subscribe for or purchase any securities.

No warranty is given as to the accuracy or completeness of the information in this presentation. You must make your own independent investigation and appraisal of the business and financial condition of Hypo Real Estate Group and its securities.

Nothing in this presentation shall form the basis of any contract or commitment whatsoever.

This presentation is furnished to you solely for your information. You may not reproduce it or redistribute to any other person.

This presentation may only be made, distributed or passed on to persons in the United Kingdom in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 does not apply.

This presentation contains forward-looking statements. These statements may be identified by such words as “may”, “plans”, “expects”, “believes” and similar expressions, or by their context. These statements are made on the basis of current knowledge and assumptions. Various factors could cause actual future results, performance or events to differ materially from those described in these statements. Such factors include general economic conditions, the conditions of the financial markets in Germany, in Western Europe and in the United States, the performance of the Hypo Real Estate Group’ core markets and changes in laws and regulations. No obligation is assumed to update any forward-looking statements.

The roadshow presentation and any written materials distributed during such presentation are made available only to qualified institutional buyers, as such term is defined in Rule 144A under the U.S. Securities Act of 1933, as amended (“QIBs”). By participating in the roadshow presentation and accepting this document, you are deemed to represent that you are a QIB.

By participating in this presentation or by accepting any copy of the slides presented, you agree to be bound by the foregoing limitations.

Contact Details Investor Relations Team

Ulrich Kern
(Head of Investor Relations)

+49 (0)89 203 007 780
ulrich.kern@hyporealestate.com

Frank Ertz

+49 (0)89 203 007 776
frank.ertz@hyporealestate.com

Robert Hörberg

+49 (0)89 203 007 778
robert.hoerberg@hyporealestate.com

Appendix

Hypo Real Estate Group

Key Financials 2004

Key Financials (IFRS)	2004	2003
Total assets (€ Bn)	148	153
Tier 1 (€ MM) ⁽¹⁾	4,210	4,122
Total lending volume (€ Bn)	99	114
RWA (€ Bn) ⁽¹⁾	51	54
CIR (%)	40.0	35.2
LLP in bp of total loans ⁽²⁾	41	63
ROE after taxes (%)	4.0 ⁽³⁾	2.8

| 51 | **Notes**

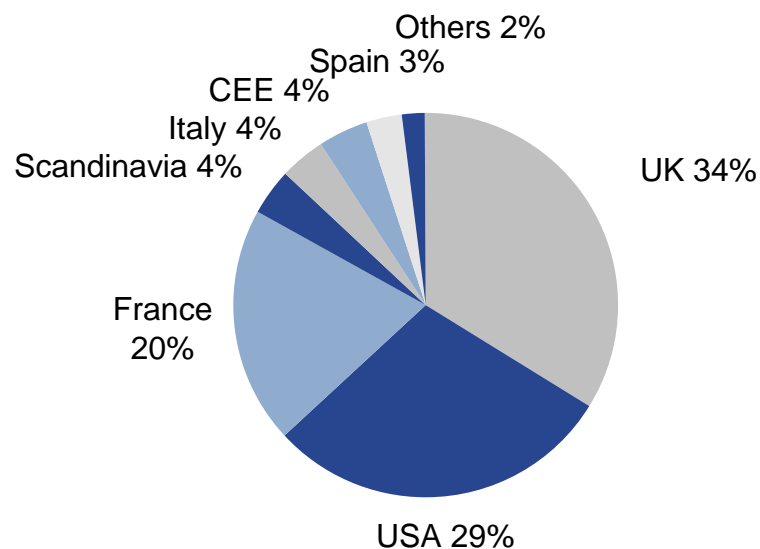
1. According to BIS
2. Excluding risk shelter from HVB AG
3. Excluding income from deferred taxes on capitalised losses carried forward of € 103 MM

Hypo Real Estate Bank International

Regional diversification

SPLIT BY REGION

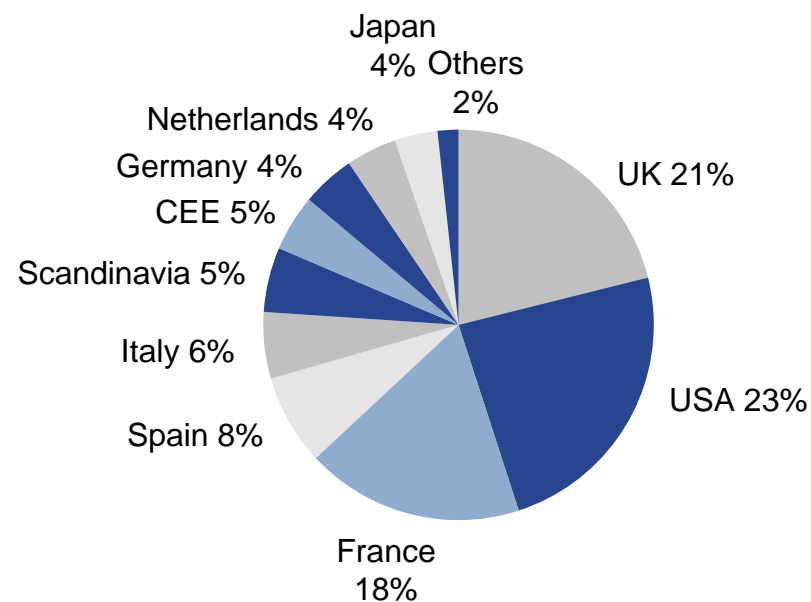
Real Estate Loan Portfolio 12/2003^(1,2)



100% = €14.1 Bn^(3,4)

SPLIT BY REGION

Real Estate Loan Portfolio 12/2004^(1,2,5)



100% = €17.1 Bn^(6,7)

52 | **Notes**

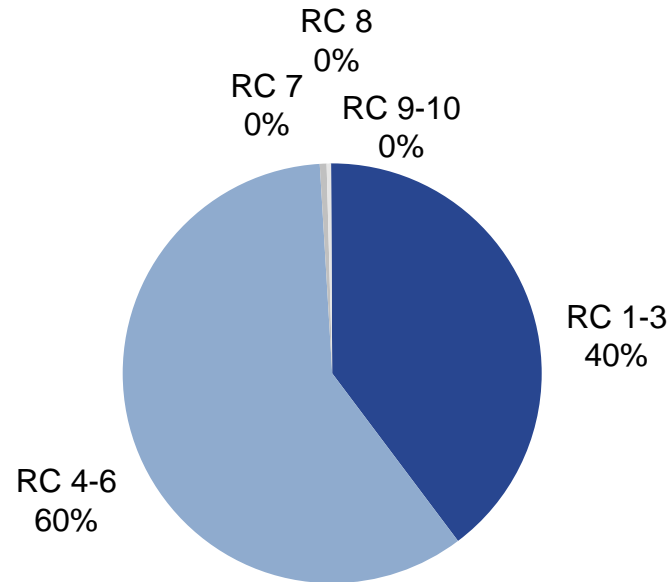
1. Based on commitments 2. Internal, unaudited figures
3. Excl. HPBI portfolio (€5.6 Bn state finance)
4. Incl. €1.2 Bn of US portfolio refinanced and booked by WuerthHyp and guaranteed by Hypo International 5. Compared with 2003, the regions are based on the domicile of the properties
6. Excl. HPBI portfolio (€5.7 Bn state finance) 7. Incl. €0.5 Bn of US portfolio and €1.0 Bn of UK Portfolio refinanced and booked by WuerthHyp and guaranteed by Hypo International

Hypo Real Estate Bank International

High asset quality

SPLIT BY RISK CLASS

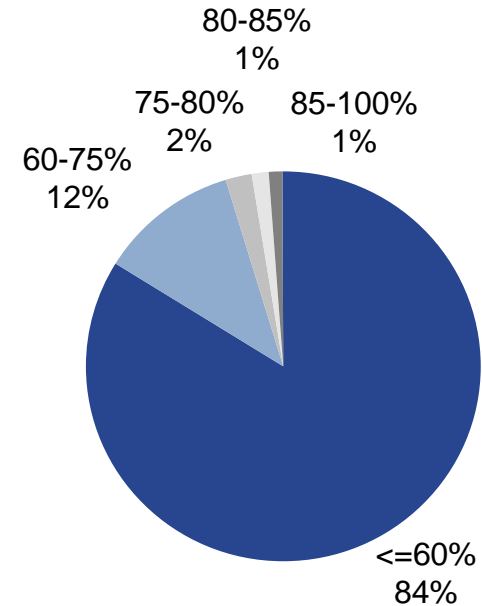
Real Estate Loan Portfolio 12/2004^(1,2)



100% = €17.1 Bn^(3,4)

SPLIT BY LTV CLASS

Real Estate Loan Portfolio 12/2004^(1,2)



100% = €14.1 Bn^(3,4,5)

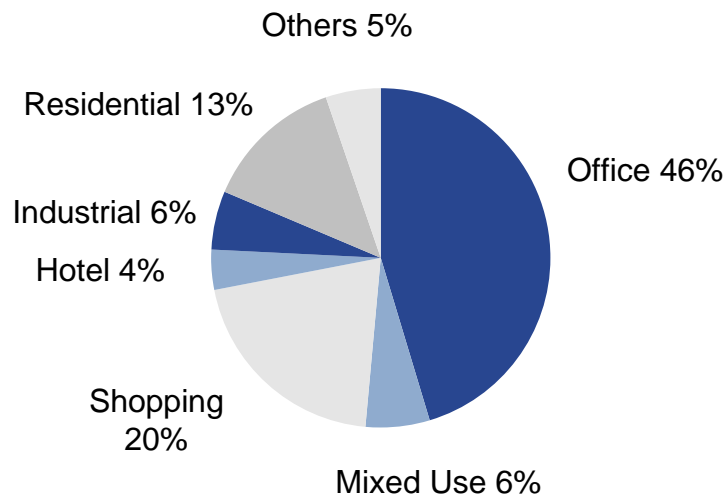
| 53 | Notes

1. Based on commitments; 2. Internal, unaudited figures as of 12/2004; 3. Excl. HPBI portfolio (€5.7 Bn state finance); 4. Incl. €0.5 Bn of US portfolio and €1.0 Bn of UK Portfolio refinanced and booked by WuerthHyp and guaranteed by Hypo International; 5. Commitments do not include in 12/2004 €3 Bn : VAT bridge loans €0.6 Bn, guarantees €0.5 Bn, corporate loans €0.3 Bn, undrawn loans €1.2 Bn and others €0.3 Bn

Hypo Real Estate Bank International Portfolio by property and customer type

SPLIT BY PROPERTY

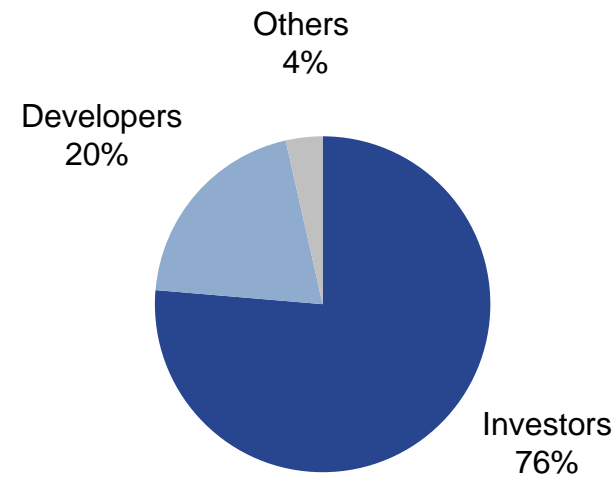
Real Estate Loan Portfolio 12/2004^(1,2)



100% = €17.1 Bn^(3,4)

SPLIT BY CUSTOMER TYPE

Real Estate Loan Portfolio 12/2004^(1,2)



100% = €17.1 Bn^(3,4)

| 54 | **Notes**

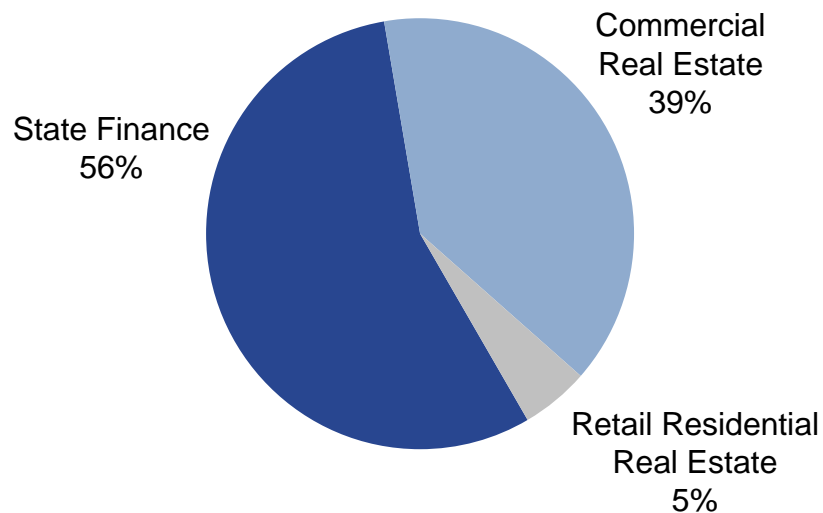
1. Based on commitments
2. Internal, unaudited figures as of 12/2004
3. Excl. HPBI portfolio (€5.7 Bn state finance)
4. Incl. €0.5 Bn of US portfolio and 1.0 Bn of UK Portfolio refinanced and booked by WuerthHyp and guaranteed by Hypo International

WuerttHyp

Current loan portfolio breakdown

SPLIT BY PRODUCT

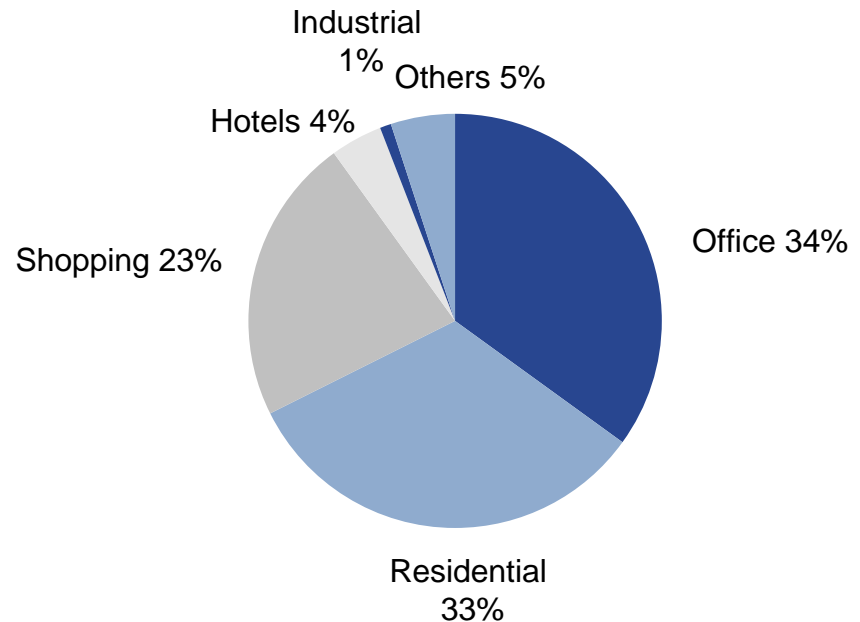
Total Loan Portfolio 12/2004^(1,2)



100% = €27.0 Bn⁽³⁾

SPLIT BY PROPERTY

Real Estate Loan Portfolio 12/2004^(1,2)



100% = €12.0 Bn⁽³⁾

| 55 | **Notes**

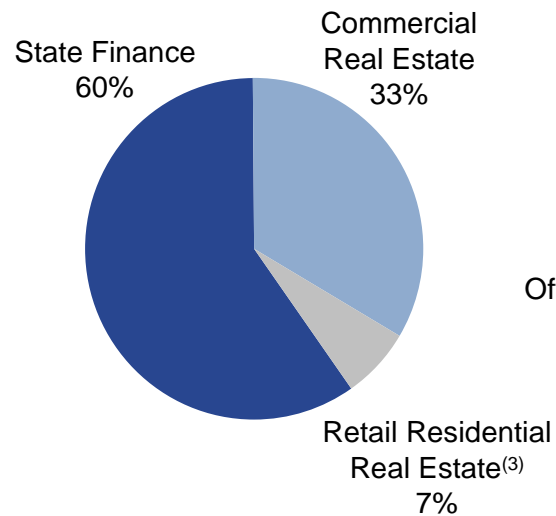
1. Based on commitments
2. Internal, unaudited figures as of 12/2004
3. Excluding €0.5 Bn tranche of US portfolio and €1.0 Bn UK portfolio guaranteed by Hypo International

Hypo Real Estate Bank Germany

Portfolio breakdown

SPLIT BY PRODUCT

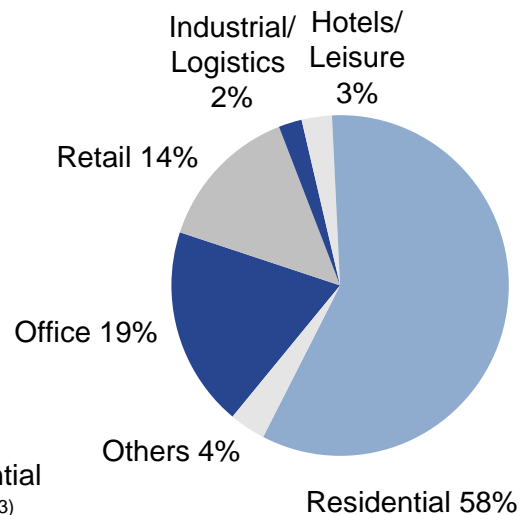
Total Loan Portfolio
12/2004^(1,2)



100% = €76.2 Bn

SPLIT BY PROPERTY

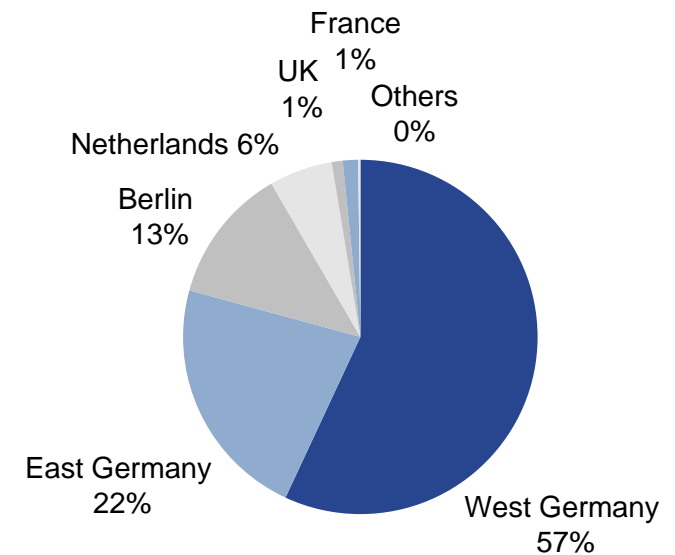
Real Estate Loan Portfolio
12/2004^(1,2)



100% = €30.6 Bn

SPLIT BY REGION

Real Estate Loan Portfolio
12/2004^(1,2)



100% = €30.6 Bn

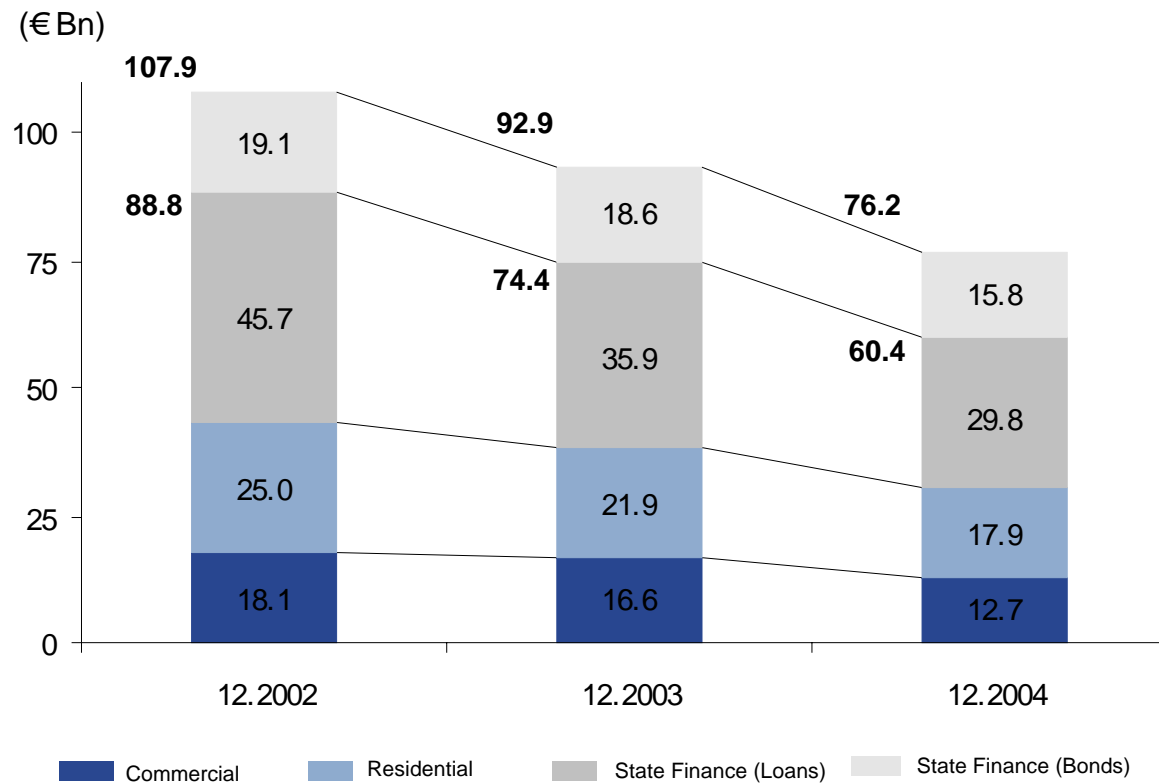
| 56 | **Notes**

1. Based on loans outstanding
2. Internal, unaudited figures as of 12/2004 after portfolio sales
3. Volume of €5 Bn

Hypo Real Estate Bank Germany

Still well on track downsizing the low margin portfolio parts

PORTFOLIO DEVELOPMENT 12/2002 – 12/2004^(1,2)

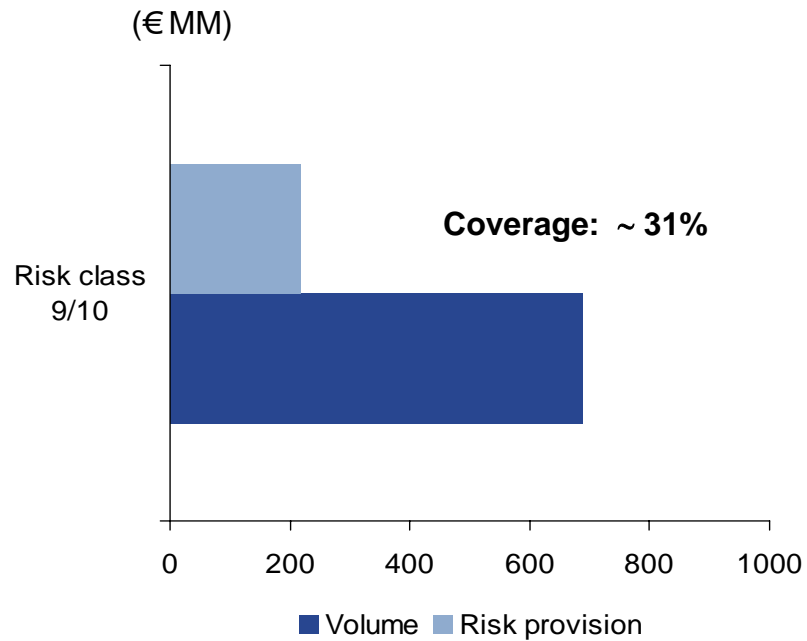


- | Further portfolio reduction by € 16.7 Bn in 2004 thereof roughly € 7.9 Bn in mortgage loans
- | Total reduction of about € 32 Bn since 12/2002

Hypo Real Estate Bank Germany

Coverage of the residual volume in risk classes 9-10

Principal amount as of 12/2004



Total claim (principal and accrued interest and costs) as of 12/2004

