

Analyst Conference Call
May 13, 2005

Hypo  **Real Estate**
GROUP



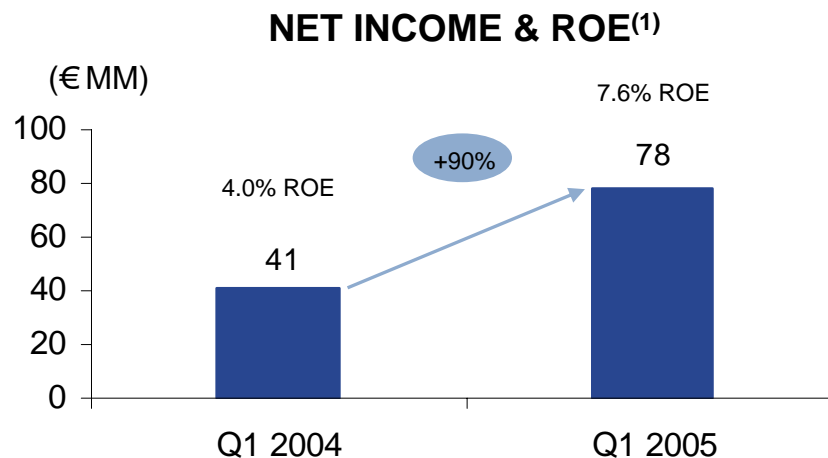
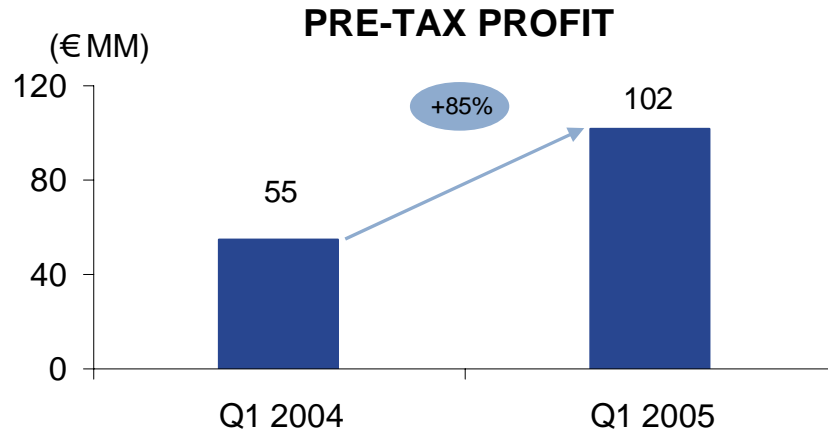
Q1 2005 Results
Dr. Markus Fell, CFO

Conference Call Details

- I Date and Time: May 13, 2005 starting at 9:30 am CET
- I You can participate dialling:
 - + 49 (0) 69 2222 2246
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- I A replay will be available for the following two days under:
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- I The required pin code is: 6342234

Hypo Real Estate Group

Q1 2005 pre-tax profit up 85%



- I Pre-tax profit of € 102 MM in line to reach target of € 400 - 425 MM by year end
- I Pre-tax profit up 85% primarily due to increased operating revenues and lower loan-loss provisions
- I Annualised ROE nearly doubled and in line to earn cost of capital

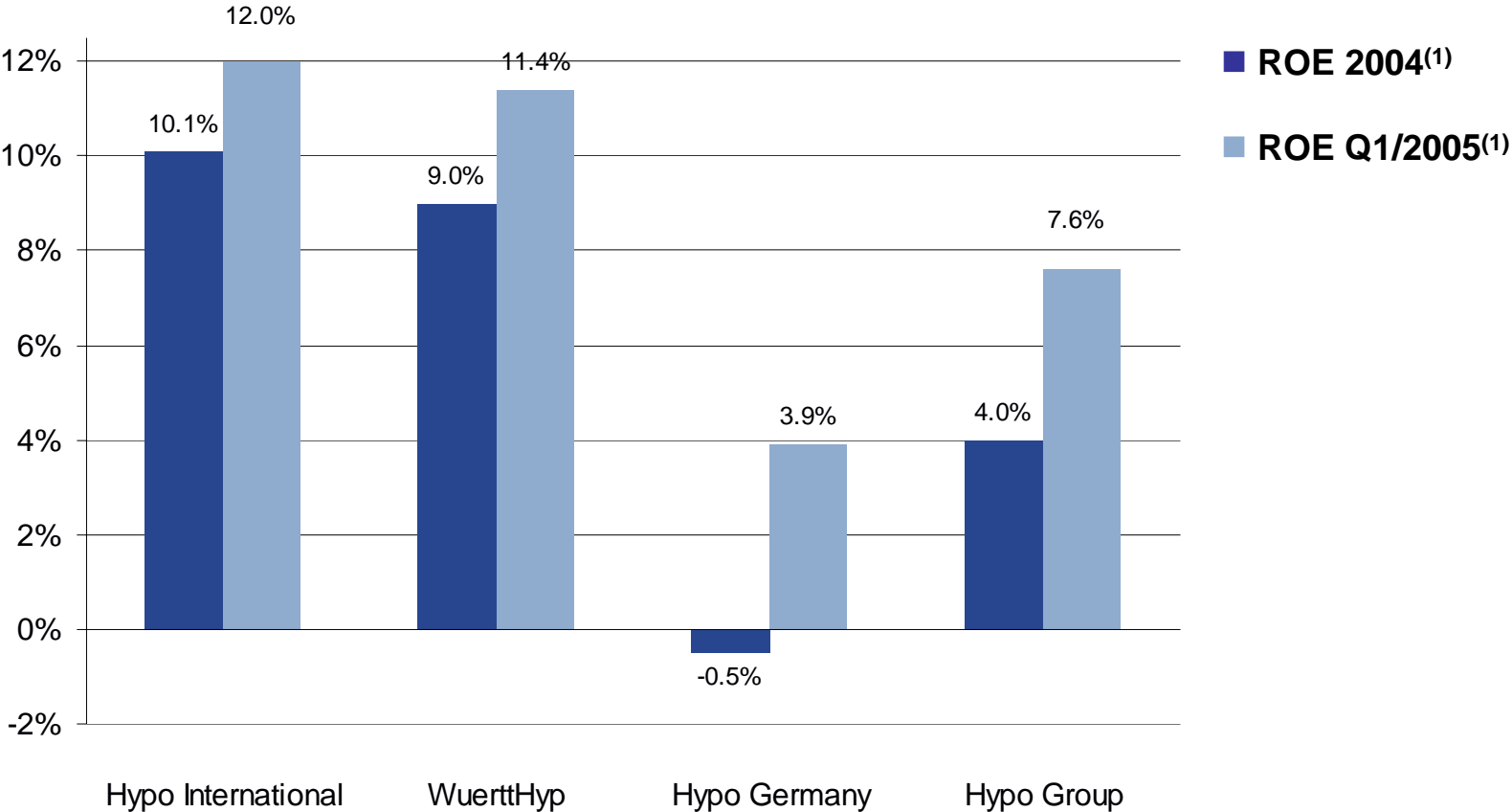
| 3 | **Note**

1. Excluding the effects from capitalised losses carried forward

Hypo Real Estate Group

A substantial increase in profitability

RETURN ON EQUITY DEVELOPMENT – SPLIT BY DIVISION



| 4 | **Note**
 1. Excluding the effects from capitalised losses carried forward

Hypo Real Estate Group

Q1 represents a good start to reach ambitious 2005 targets

KEY FINANCIALS (IFRS)			
(€MM)	Q1 2005	Q1 2004	Change (%)
Net interest income	165	166	-0.6
Net commission income	23	24	-4.2
Net trading income	7	-	>100.0
Net income from investments	11	11	-
Total operating revenues	210	202	4.0
Provisions for losses on loans and advances	35	71 ⁽¹⁾	-50.7
General administrative expenses	73	72	1.4
Operating result	102	59	72.9
Net income/loss before taxes	102	55	85.5
Net income/loss⁽²⁾	78	41	90.2

ROE after taxes (%)⁽²⁾	7.6	4.0	
Cost-income ratio (%)	34.8	35.6	

- | Operating revenues increased by 4% despite overall portfolio reduction of 3%
- | Bigger portfolio at Hypo International generated additional income and offset lower income at Hypo Germany due to reduced German portfolio (compared to Q1 2004)
- | Trading profit results from “Capital Markets” which had been in setup process in 2004
- | Risk provisioning substantially reduced primarily reflecting improved asset quality
- | With stable general administrative expenses (higher expenses at Hypo International offset by reduction at Hypo Germany) cost-income ratio decreased to 34.8% (Q1 2004: 35.6%)

| 5 | Notes

1. Including pro-rata risk shelter of €32.5 MM from HVB AG
2. Excluding the effects from capitalised losses carried forward

Hypo Real Estate Group

Earnings per share increased to €0.58⁽¹⁾

KEY FINANCIALS (IFRS)		
	1.1. - 31.03. 2005	1.1. - 31.03. 2004
Earnings per share (€) ⁽¹⁾	0.58	0.31
	31.03.2005	31.12.2004
Total assets (€ Bn)	147	148
Tier 1 (€ MM) ⁽²⁾	4,168	4,210
RWA (€ Bn) ⁽²⁾	51	51
Tier 1 Ratio (%) ⁽²⁾	8.2	8.3
Total real estate loans (€ Bn)	60.6	59.7
LLP in bp of total real estate loans	23 ⁽³⁾	68 ⁽⁴⁾
Employees	1,287	1,311

- I RWA not yet increased as the Group's real estate loan portfolio only grew by € 0.9 Bn
- I Hypo Group remains well capitalized with Tier 1 ratio of 8.2%

| 6 | Notes

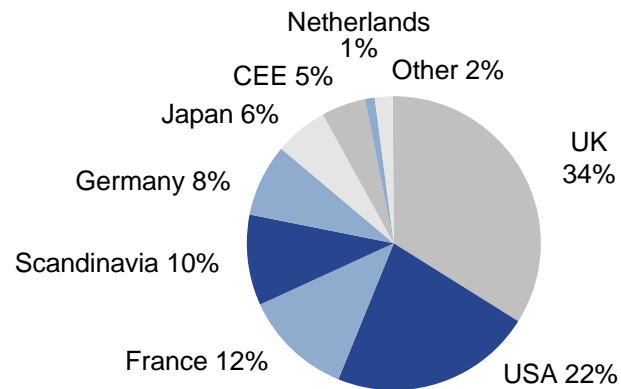
1. Excluding the effects from capitalised losses carried forward
2. According to BIS
3. Annualised
4. Excluding risk shelter of € 130 MM from HVB AG

Hypo Real Estate Group

Over 90% of the Group's new business written internationally

Total New Business Split by Region

01/2005 - 03/2005^(1,2,3)

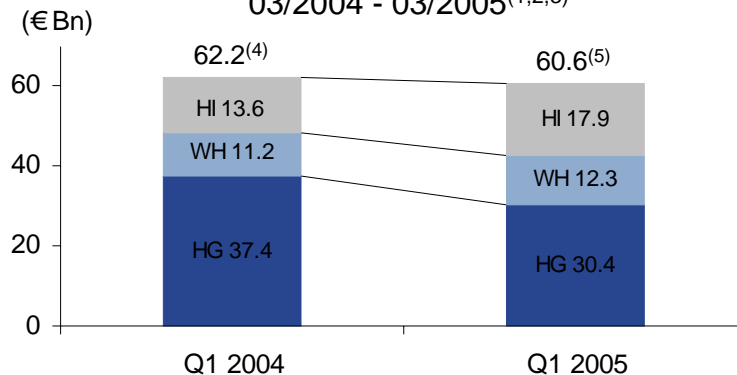


100% = €3.3 Bn

- I Group's new business of €3.3 Bn in Q1 represents a significant improvement compared to 2004 (€1.2 Bn)
- I Prepayments and repayments amounted to €2.4 Bn; net increase of total portfolio of €0.9 Bn in Q1 2005

Portfolio Development by Segment

03/2004 - 03/2005^(1,2,3)



- I Total real estate loans on a Group level at the end of Q1 2005 were €60.6 Bn (-3% vs. Q1 2004)
- I Together Hypo International and WuerthHyp could grow their portfolios by over €5 Bn in the past 12 months
- I Strategic reduction in Hypo Germany of €7 Bn in the past 12 months

| 7 | Notes

1. Excluding HPBI's new business (public finance)
2. Based on commitments after syndication
3. Internal unaudited figures
4. HI incl. €1.0 bn US portfolio transferred and guaranteed by Hypo International and booked by WH
5. HI incl. €0.5 bn US portfolio and 0.9 bn of UK portfolio transferred and guaranteed by Hypo International and booked by WH

Hypo Real Estate Bank International

Profit before taxes increased by 37%

KEY FINANCIALS (IFRS)			
(€MM)	Q1 2005	Q1 2004	Change (%)
Net interest income	65	50	30.0
Net commission income	29	32	-9.4
Net trading income	7	-	>100.0
Net income from investments	-	-	-
Total operating revenues	102	83	22.9
Provisions for losses on loans and advances	2	11	-81.8
General administrative expenses	37	26	42.3
Operating result	63	46	37.0
Net income/loss before taxes	63	46	37.0
Net income/loss	47	33	42.4

ROE after taxes (%)	12.0	9.6	
Cost-income ratio (%)	36.3	31.3	

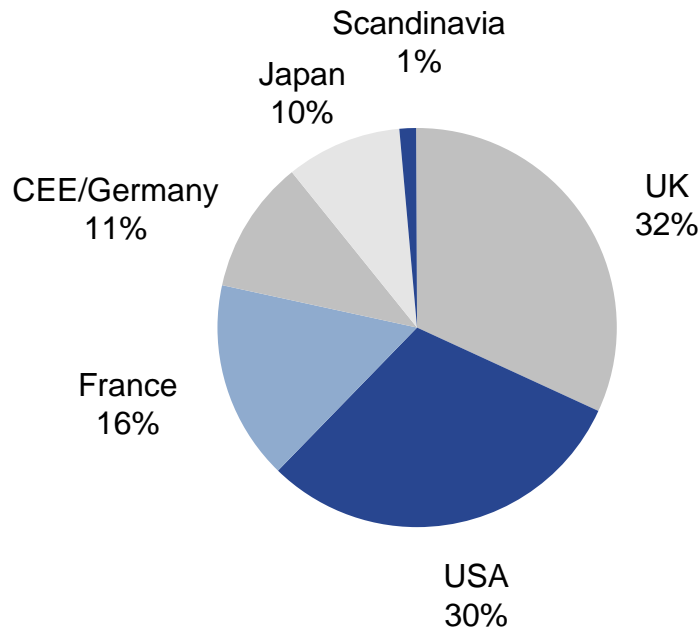
- I Increased portfolio (31.6% vs. Q1 2004) results in higher net interest income (+30.0%)
- I Total operating revenues increased by 22.9%
- I IAS 39 limits portfolio-based risk provisioning, no individual loan-loss provisions were necessary
- I General administrative expenses increased due to international expansion and “Capital Markets” unit. However, CIR decreased to 36.3% from 37.3% in full year 2004

Hypo Real Estate Bank International

New business of €2.3 Bn in Q1 2005

SPLIT BY REGION

New Business 01/2005 - 03/2005^(1,2,3)



100% = €2.3 Bn

- I New business of € 2.3 Bn in Q1 slightly under proportional target of € 2.5 Bn; significant improvement compared to Q1 2004 (€0.7 Bn)
- I Prepayments and repayments amounted to € 1.8 Bn; additional increase of portfolio by € 0.3 Bn due to currency fluctuation
- I Total portfolio increased by € 0.8 Bn to € 17.9 Bn (in Q1 2004 portfolio decreased by € 0.4 Bn)
- I New business on average written at more than 140 Bp net interest margin yielding >14% IRR

| 9 | **Notes**

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

WuerttHyp

WuerttHyp continues to increase earnings

KEY FINANCIALS (IFRS)			
(€MM)	Q1 2005	Q1 2004	Change (%)
Net interest income	30	26	15.4
Net commission income	-2	-4	50.0
Net income from investments	4	7	-42.9
Total operating revenues	32	29	10.3
Provisions for losses on loans and advances	3	5	-40.0
General administrative expenses	8	8	-
Operating result	21	16	31.3
Net income/loss before taxes	21	16	31.3
Net income/loss	19	16	18.8

ROE after taxes (%)	11.4	10.1	
Cost-income ratio (%)	25.0	27.6	

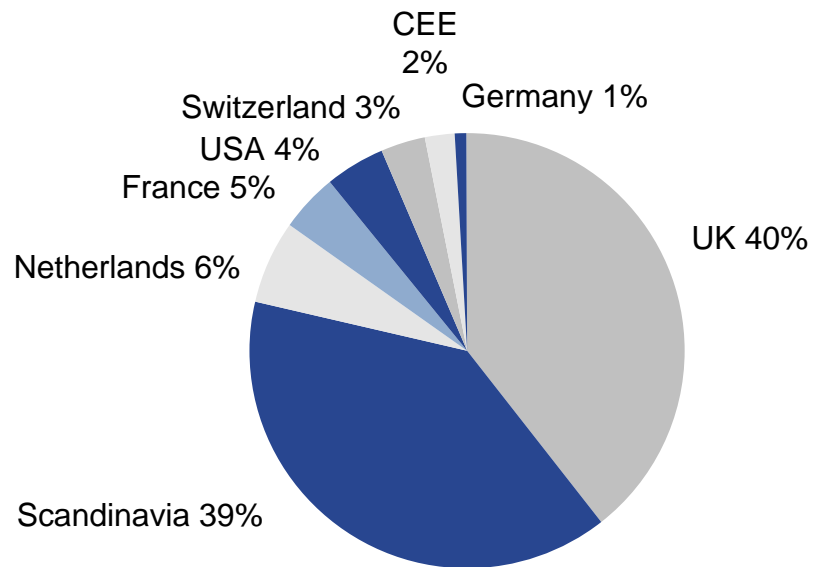
- I Increased operating revenues and stable administrative expenses result in a CIR of 25.0% (Q1 2004: 27.6%) and a ROE of 11.4%
- I Due to the Profit-and-Loss-Transfer Agreement with Hypo Real Estate Holding AG, there are no income taxes to be paid on segment level (only deferred taxes appear)
- I Pre-tax profit above full-year plan of € 65-70 MM but is expected to converge by year end

WuerttHyp

New business of €0.8 Bn in Q1 2005

SPLIT BY REGION

New Business 01/2005 - 3/2005^(1,2,3)



100% = €0.8 Bn

- I New lending business of € 0.8 Bn in Q1
- I Prepayments and repayments of €0.5 Bn led to a portfolio increase of € 0.3 Bn to €12.3 Bn
- I New business was mainly written in UK and Scandinavia

| 11 | **Notes**

1. Excluding new business of public finance
2. Based on commitments after syndication
3. Internal unaudited figures

Hypo Real Estate Bank Germany

Profitable again

KEY FINANCIALS (IFRS)			
(€MM)	Q1 2005	Q1 2004	Change (%)
Net interest income	72	91	-20.9
Net commission income	-3	-4	25.0
Net income from investments	7	4	75.0
Total operating revenues	77	91	-15.4
Provisions for losses on loans and advances	30	55 ⁽¹⁾	-45.5
General administrative expenses	24	33	-27.3
Operating result	23	3	>100.0
Net income/loss before taxes	23	-1	>100.0
Net income/loss⁽²⁾	19	-1	>100.0

ROE after taxes (%) ⁽²⁾	3.9	-0.2	
Cost-income ratio (%)	31.2	36.3	

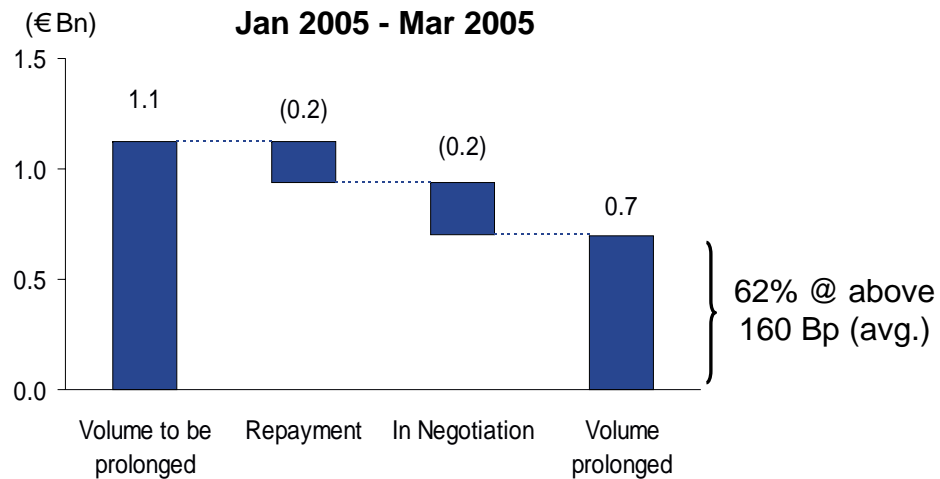
- | Operating revenues lower due to portfolio decrease of -18.7% from Q1 2004 to Q1 2005
- | Excluding pro-rata risk shelter, risk provisioning decreased by €57.5 MM reflecting improved asset quality
- | General administrative expenses substantially lower due to restructuring

| 12 | Notes

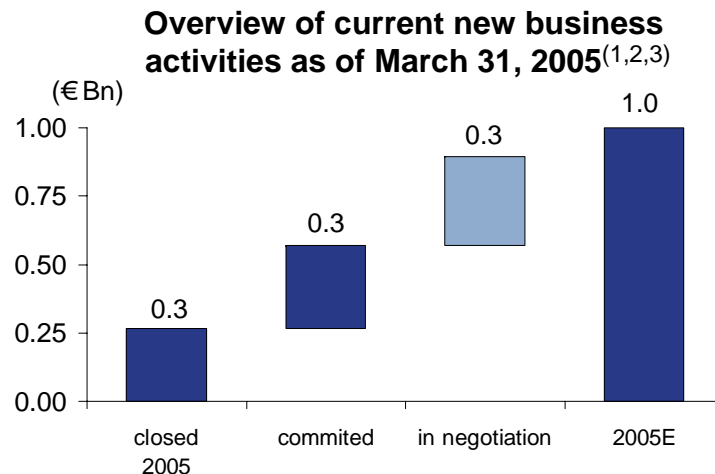
1. Including pro-rata risk shelter of €32.5 MM from HVB AG
2. Excluding the effects from capitalised losses carried forward

Hypo Real Estate Bank Germany

Continued margin improvement through prolongations and new business



- | The successful prolongation strategy continued with a total prolongation rate of 62% at above 160 Bp (avg.)
- | 68% prolongation rate with commercial customers
- | 26% prolongation rate with retail customers, in line with strategy



- | New business amounted already to €0.3 MM in Q1 2005
- | Prepayments and repayments of €0.5 Bn led to a portfolio decrease of €0.2 Bn and a total portfolio of €30.4 Bn
- | Margins on new business of more than 130 Bp as well as fee income yielding >12% IRR on average

| 13 | **Notes**

1. Excluding new business of public finance
2. Based on commitments after syndication
3. Internal unaudited figures

Hypo Real Estate Group

Business plan snapshot for 2005

Key Figures			
(€ MM)	Target 2005	¼ of Target	Q1/05
Total operating revenues ⁽¹⁾	≈ 895 - 915	≈ 224 - 229	210
Risk provisions	≈ 180 - 190	≈ 45 - 48	35
General administrative expenses	≈ 305 - 315	≈ 76 - 79	73
Profit before taxes	≈ 400 - 425	≈ 100 - 106	102
ROE after taxes (%) ⁽²⁾	≈ 7.5% - 8.0%	≈ 7.5% - 8.0%	7.6%
Hypo International – Profit before taxes	≈ 250 - 270	≈ 63 - 68	63
WuerttHyp – Profit before taxes	≈ 65 - 70	≈ 16 - 18	21
Hypo Germany – Profit before taxes	≈ 95 - 105	≈ 24 - 26	23
RWA (€ Bn) ⁽³⁾	≈ 56 - 57		51

- I Operating revenues below pro-rata target but expected to increase during the year as portfolio growth/ new business should lead to additional income
- I Lower loan-loss provisions reflect limitation of portfolio-based risk provisioning (IAS 39)

▶ **Business development in Q1 in line with full year expectations**

| 14 | **Notes**

1. Including net income from investments
2. Excluding the effects from capitalised losses carried forward
3. According to BIS

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Appendix

Hypo Real Estate Group

Quarterly development

(€MM)	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005
Operating revenues	202	212	201	220	210
Net interest income	166	180	161	176	165
Net commission income	24	25	35	10	23
Net trading income	-	2	3	6	7
Net income from investments	11	4	-1	33	11
Balance of other operating income/expenses	1	1	3	-5	4
Provisions for losses on loans and advances	71	75	75	55	35
General administrative expenses	72	77	80	86	73
Balance of other income/expenses	-4	-1	-5	-13	-
Net income/loss before taxes	55	59	41	66	102
Net income/loss⁽¹⁾	41	43	36	48	78

Risk assets compliant with BIS rules (€ Bn)	51.9	51.8	52.5	51.0	51.1
Core capital ratio compliant with BIS rules (in %)	7.9	7.9	7.8	8.3 ⁽²⁾	8.2
Employees	1,449	1,463	1,417	1,311	1,287

| 18 | Notes

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

Hypo Real Estate Bank International

Quarterly development

(€MM)	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005
Operating revenues	83	96	97	89	102
Net interest income	50	61	53	60	65
Net commission income	32	30	41	23	29
Net trading income	-	2	3	6	7
Net income from investments	-	3	-2	2	-
Balance of other operating income/expenses	1	-	2	-2	1
Provisions for losses on loans and advances	11	16	15	-9	2
General administrative expenses	26	32	38	40	37
Balance of other income/expenses	-	-	-	-1	-
Net income/loss before taxes	46	48	44	57	63
Net income/loss⁽¹⁾	33	39	34	42	47

Risk assets compliant with BIS rules (€ Bn)	14.1	15.1	16.8	17.3	17.8
Core capital ratio compliant with BIS rules (in %)	10.3	9.6	8.7	9.2 ⁽²⁾	10.1
Employees	417	464	502	504	499

| 19 | Notes

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

WuerttHyp

Quarterly development

(€MM)	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005
Operating revenues	29	27	28	32	32
Net interest income	26	28	28	26	30
Net commission income	-4	-1	1	-2	-2
Net trading income	-	-	-	-	-
Net income from investments	7	-	-2	9	4
Balance of other operating income/expenses	-	-	1	-1	-
Provisions for losses on loans and advances	5	4	5	9	3
General administrative expenses	8	7	9	9	8
Balance of other income/expenses	-	-	-	-	-
Net income/loss before taxes	16	16	14	14	21
Net income/loss	16	16	14	13	19

Risk assets compliant with BIS rules (€ Bn)	8.8	9.2	9.4	10.1	10.5
Core capital ratio compliant with BIS rules (in %)	7.4	7.0	7.5	7.1 ⁽¹⁾	6.8
Employees	174	174	173	171	178

| 20 | **Note**

1. As per approved annual financial statements

Hypo Real Estate Bank Germany

Quarterly development

(€ MM)	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005
Operating revenues	91	90	78	99	77
Net interest income	91	91	82	90	72
Net commission income	-4	-4	-7	-10	-3
Net trading income	-	-	-	-	-
Net income from investments	4	2	3	22	7
Balance of other operating income/expenses	-	1	-	-3	1
Provisions for losses on loans and advances	55	55	55	55	30
General administrative expenses	33	34	28	31	24
Balance of other income/expenses	-4	-1	-5	-11	-
Net income/loss before taxes	-1	-	-10	2	23
Net income/loss⁽¹⁾	-1	-6	-3	-	19

Risk assets compliant with BIS rules (€ Bn)	29.3	27.8	26.9	24.2	23.4
Core capital ratio compliant with BIS rules (in %)	7.2	7.6	7.7	8.4 ⁽²⁾	7.9
Employees	814	784	698	592	560

| 21 | Notes

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