

Analyst Conference Call
May 12, 2004

Hypo Real Estate
GROUP



Q1 Results 2004
Dr. Markus Fell, CFO

Conference Call Details

I Date and Time: May 12, 2004 starting at 14:00 CET

I You can participate dialling:

+ 49 (0) 69 509 573 124

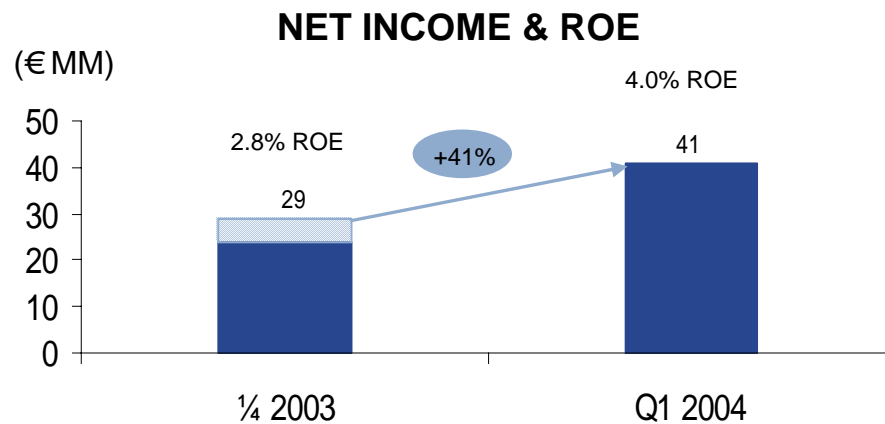
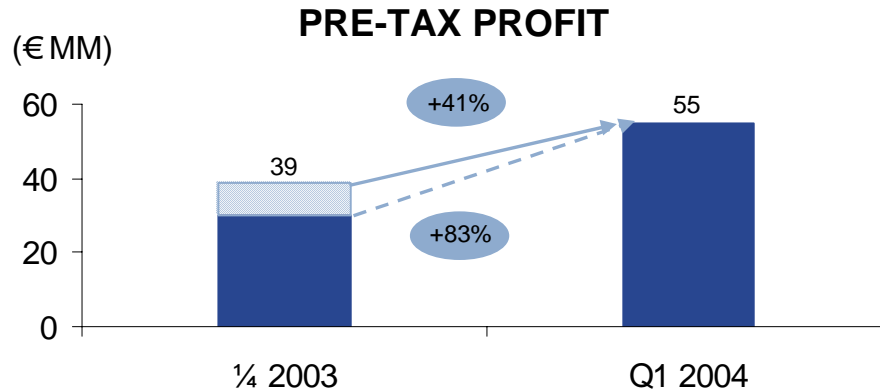
I A replay will be available for the following two weeks under:


+ 49 (0) 69 50957 9999

I The pin code required is: 260964

Hypo Real Estate Group

Q1 2004 adjusted pre-tax profit up 83%



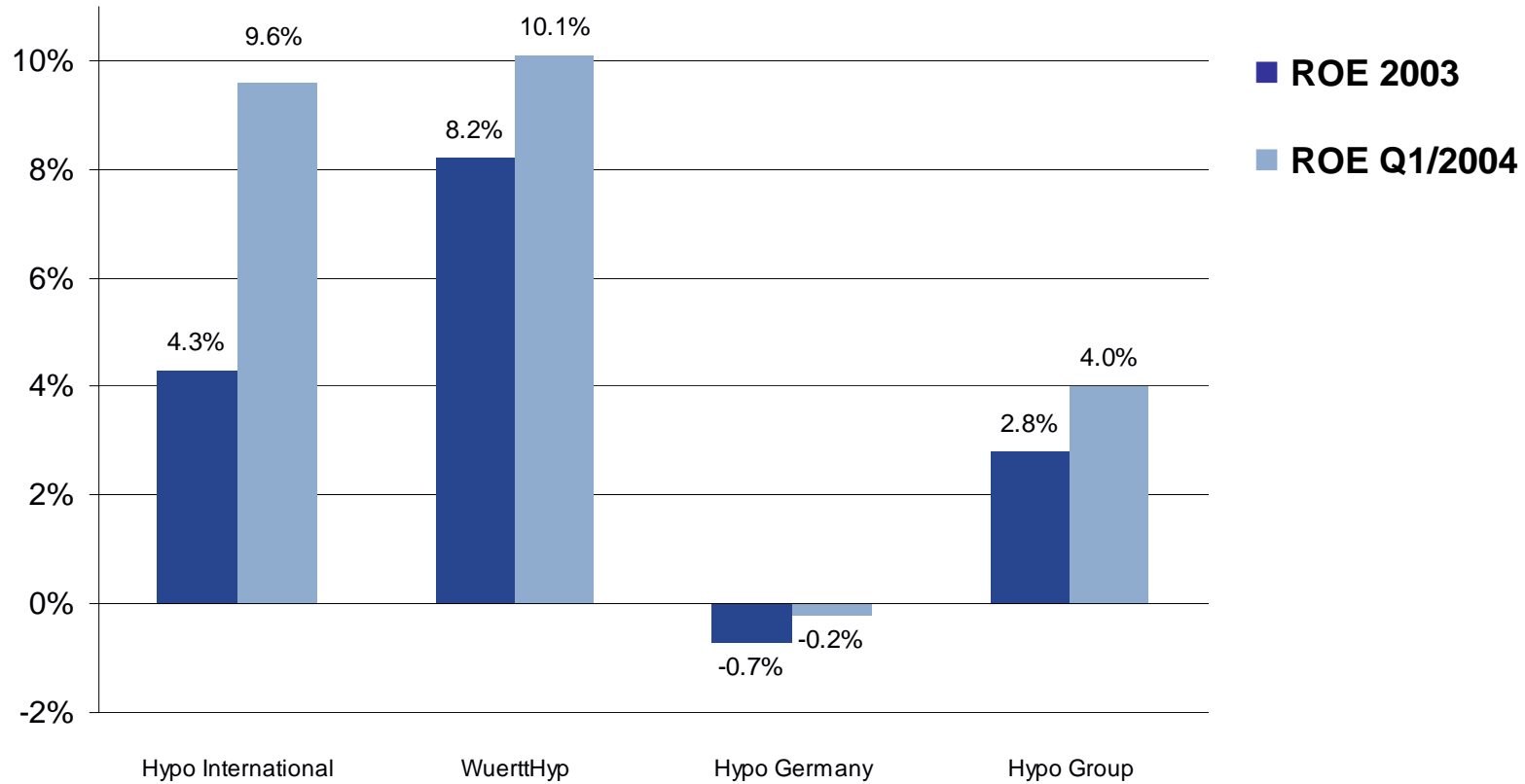
 Lucky-Buy Effect WestHyp

- I Substantial increase in profitability
 - Adjusted for the €35 MM West-Hyp lucky-buy in 2003 the increase in PBT would be even 83% from 1/4-2003 to Q1-2004
- I US Portfolio now contributing to top-line income
- I Risk provisions in-line with planning
- I Return on equity increased to 4%
- I On track to deliver on our targets

Hypo Real Estate Group

Increased profitability across all segments

RETURN ON EQUITY DEVELOPMENT – SPLIT BY DIVISION



Hypo Real Estate Group

Level of total operating income maintained despite portfolio reduction in Hypo Germany

KEY FINANCIALS (IFRS)			
(€MM)	Q1 2004	¼ 2003 ⁽¹⁾	Change (%)
Net interest income	166	168	-1.2
Provisions for losses on loans and advances ⁽²⁾	(71)	(63)	12.7
Net commission income	24	11	>100
Total operating income	191	184	3.8
General administrative expenses	(72)	(65)	10.8
Operating result	48	56	-14.3
Net income from investments	11	0	>100
Result of ordinary activities/net income or loss before taxes	55	39	41.0
Net income/loss	41	29	41.4

- | Net interest income stable (increase in Hypo International has offset the decrease in Hypo Germany due to portfolio reduction and missing € 8 MM pro-rata dividend of FGH Bank included in ¼-2003)
- | Higher net commission income resulting from Hypo International
- | Total operating income up 3.8%
- | General administrative expenses increased due to international expansion and the inclusion of the US business
- | Net income from investments in ¼-2003 included the pro-rata book loss of € 8 MM on the FGH-sale

| 5 | Notes

1. Pro-rata financial data based on the audited annual report of Hypo Real Estate Group for fiscal year 2003
2. Including pro-rata risk shelter of € 32.5 MM (€ 115 MM for ¼ 2003) from HVB AG

Hypo Real Estate Group

Return on equity of 4% at the upper end of our target range for 2004

KEY FINANCIALS (IFRS)		
	31.03.2004	31.12.2003 ⁽¹⁾
Total assets (€ Bn) ⁽²⁾	151	153
Tier 1 (€ MM) ⁽³⁾	4,098	4,122
Total loans (€ Bn) ⁽²⁾	107	114
RWA (€ Bn) ⁽³⁾	52	54
CIR (%)	37.7	35.2
LLP in bp of total loans ⁽⁴⁾	39	63
ROE after taxes (%)	4.0	2.8

- | RWA reduction caused by the fast restructuring in Hypo Germany (equity release of € 150 MM)
- | CIR up due to relatively high commission expenses in WuerttHyp and the fast downsizing of the portfolio at Hypo Germany combined with the lagging cost savings
- | ROE significantly increased to 4% despite non-existing profit contribution of Hypo Germany

| 6 | Notes

1. Financial data based on the audited annual report of Hypo Real Estate Group for fiscal year 2003
2. Including accrued interests according to IFRS
3. According to BIS
4. Including pro-rata risk shelter of € 32.5 MM (€ 115 MM for ¼ 2003) from HVB AG

Hypo Real Estate Bank International

Profit more than doubled

KEY FINANCIALS (IFRS)			
(€MM)	Q1 2004	¼ 2003 ⁽¹⁾	Change (%)
Net interest income	50	34	47.1
Provisions for losses on loans and advances ⁽²⁾	(11)	(9)	22.2
Net commission income	32	14	>100
General administrative expenses	(26)	(16)	62.5
Operating result	46	23	100.0
Net income from investments	0	(1)	100.0
Result of ordinary activities/net income or loss before taxes	46	22	>100
Net income/loss	33	14	>100

- | Net interest income increased substantially due to the contribution of the US Portfolio
- | Risk provisioning consists only of general loan loss provisions
- | Net Commission Income includes € 8 MM sale of profit participation rights
- | General Administrative expenses increased due to the expansion and the inclusion of the US business
- | Capital Markets was not yet actively running in Q1 but will be reflected in Q2
- | New business in Q1: € 2.6 Bn deals approved and € 740 MM booked

KEY FINANCIALS (IFRS)			
(€MM)	Q1 2004	1/4 2003 ⁽¹⁾	Change (%)
Net interest income	26	27	-3.7
Provisions for losses on loans and advances	(5)	(6)	-16.7
Net commission income	(4)	(1)	>100
General administrative expenses	(8)	(8)	0.0
Operating result	9	12	-25.0
Net income from investments	7	1	>100
Result of ordinary activities/net income or loss before taxes	16	13	23.1
Net income/loss	16	13	23.1

- I Pre-tax profit up 23% in-line with the full-year plan to achieve €55-60 MM
- I Due to the Profit and Loss Transfer Agreement with Hypo Real Estate Holding, there are no taxes paid on a segment level

Hypo Real Estate Bank in Germany

Reduction in loan loss provisions as planned

KEY FINANCIALS (IFRS)			
(€MM)	Q1 2004	¼ 2003 ⁽¹⁾	Change (%)
Net interest income	91	105	-13.3
Provisions for losses on loans and advances	(55)	(48)	14.6
Net commission income	(4)	(2)	100.0
General administrative expenses	(33)	(38)	-13.2
Balance of other operating income/expenses	0	6	-100
Operating result	(1)	23	>-100
Net income from investments	4	0	>100
Restructuring expenses	2	22	-90.9
Result of ordinary activities/net income or loss before taxes	(1)	(3)	-66.7
Net income/loss	(1)	(4)	-75.0

- I Net interest income is lower due to the reduced portfolio. Furthermore, last year's quarterly number includes a € 8 MM FGH dividend
- I Risk provisions shown after the utilization of € 32.5 MM risk shelter from HVB resulting in a gross reduction of € 75 MM before the risk shelter
- I General administrative expenses have been reduced due to restructuring and decreased head count

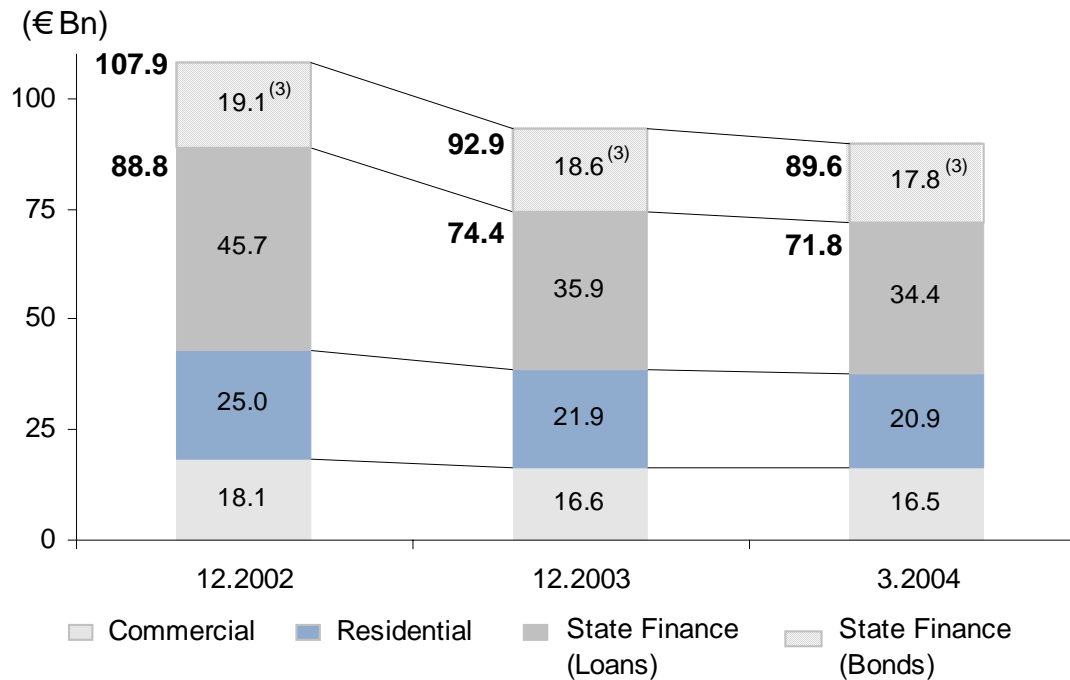
| 9 | Notes

1. Pro-rata financial data based on the audited annual report of Hypo Real Estate Group for fiscal year 2003
2. Including pro-rata risk shelter of € 32.5 MM (€ 115 MM for ¼ 2003) from HVB AG

Hypo Real Estate Bank in Germany

Reduction of the German Portfolio is continuing to progress...

PORTFOLIO DEVELOPMENT 12/2002 – 03/2004^(1,2)



- | Further portfolio reduction by €3.3 Bn
- | Total reduction of €18.3 Bn since start of the restructuring (15 months ago)

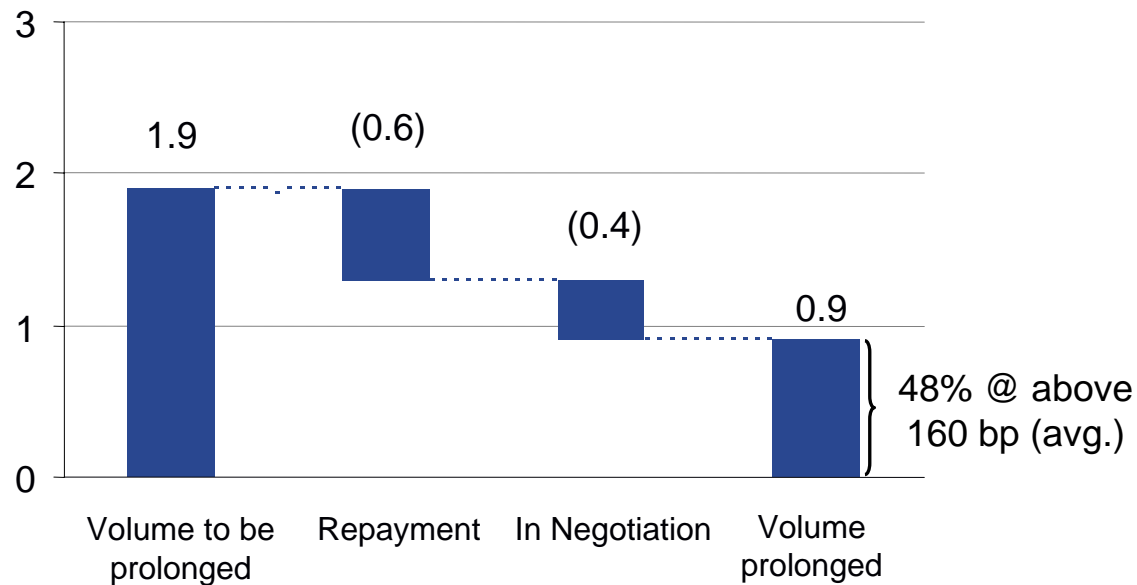
| 10 | **Notes**

1. Based on loans outstanding
2. Internal, unaudited figures as of 03/2004
3. State finance bonds

Hypo Real Estate Bank in Germany ...at favorable conditions

REAL ESTATE PROLONGATIONS JAN-MARCH 2004

Total (€ Bn)



I Prolongation strategy has been continued successfully:

- Prolongation rate of 48% in Q1
- Net margin of more than 160 bp

Hypo Real Estate Group

Well on track with the Business Plan for 2004

KEY FIGURES			
(€MM)	Target 2004	Target Q1/04	Q1/04
Total Operating Income	≈ 790-805	≈ 197-201	191
Risk Provisions	≈ (285)-(275)	≈ (71)-(69)	(71)
General Administrative Expenses	≈ (310)-(300)	≈ (77)-(75)	(72)
Profit before tax	≈ 205-225	≈ 51-56	55
ROE after tax (%)	≈ 3.5%-4.0%	≈ 3.5%-4.0%	4.0%
Hypo International – Profit before tax	≈ 175-185	≈ 44-46	46
WuerttHyp – Profit before tax	≈ 55-60	≈ 14-15	16
Hypo Germany – Profit before tax	≈ (5)-0	≈ (1)-0	(1)

- | Profits and return on equity show that we are well on track
- | General administrative expenses and total operating income lower due to gradual build-up of Capital Markets Unit

 **Business development in Q1 is in-line with the full-year targets**

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

Martin Leitgeb

+49 (0)89 203 007 778
martin.leitgeb@hyporealestate.com

- IMPORTANT NOTICE -

This presentation is not an offer or invitation to subscribe for or purchase any securities. Shares of Hypo Real Estate Holding AG have been distributed only to existing shareholders of Bayerische Hypo- und Vereinsbank AG (HVB) in connection with the spin-off of the commercial real estate financing business of HVB into Hypo Real Estate Holding AG, and no shares of Hypo Real Estate Holding AG were for sale in connection with such spin-off or the listing of such shares on the Frankfurt Stock Exchange and on the Vienna Stock Exchange.

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 any issuer mentioned in this presentation and of the securities of that issuer.

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.