

Investors who have already agreed to purchase or subscribe for Notes issued under the Program (as defined herein) before this Supplement (as defined herein) has been published shall have the right, exercisable within a time limit which shall not be shorter than two working days after the publication of this Supplement, to withdraw their acceptances as far as the purchase is not completed yet.

First Supplement pursuant to Article 16 para. 1 of directive 2003/71/EC and Article 13 para. 1 of the Luxembourg Law on Prospectuses for Securities
(Loi du 10 Juillet 2005 relative aux prospectus pour valeurs mobilières)
dated 27 September 2007

to the Debt Issuance Program Prospectus
dated 11 May 2007

relating to

Hypo Real Estate BANK

Hypo Real Estate Bank AG
Munich, Federal Republic of Germany
as Issuer

Euro 25,000,000,000
Debt Issuance Program

This supplement (the “Supplement” or the “First Supplement”) to the Debt Issuance Program Prospectus dated 11 May 2007 is prepared in connection with the Euro 25,000,000,000 Debt Issuance Program (the “Program”) of Hypo Real Estate Bank AG (the “Issuer”) and is supplemental to, and should be read in conjunction with, the Debt Issuance Program Prospectus dated 11 May 2007 (the “Original Debt Issuance Program Prospectus”) in respect of the Program. Unless otherwise stated or the context otherwise requires, terms defined in the Original Debt Issuance Program Prospectus shall have the same meaning when used in the First Supplement. As used herein, the term “Debt Issuance Program Prospectus” means the Original Debt Issuance Program Prospectus and the First Supplement.

The First Supplement is related to the fact that on 24 September 2007 the extraordinary general meeting of shareholders of DEPPFA BANK plc agreed to the takeover by Hypo Real Estate Holding AG. The takeover is planned to be completed on or about 4 October 2007. Following the acquisition, it is contemplated to reorganize Hypo Real Estate Group which could have an impact on the Issuer.

The Issuer accepts sole responsibility for the information contained in the Debt Issuance Program Prospectus. The Issuer believes that, having taken all reasonable care to ensure that such is the case, the information contained in, or incorporated into the Debt Issuance Program Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect the import of such information.

This First Supplement has been filed with the *Commission de Surveillance du Secteur Financier* of the Grand Duchy of Luxembourg (the “CSSF”) in its capacity as the Competent Authority and has been published together with the Original Base Prospectus on the website of the Issuer (www.hyporealestatebank.de). This First Supplement will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The Issuer announces the following new factors relating to the information included in the Original Debt Issuance Program Prospectus.

In the following, amendments to the wording of the Original Debt Issuance Program Prospectus are underlined.

Supplemental Information

OVERALL CHANGES

If reference is made in the Original Debt Issuance Program Prospectus to “Debt Issuance Program Prospectus”, then the respective reference includes all changes made by the First Supplement. With respect to Section IX. (“FORMS OF FINAL TERMS”) (page 97 et seq.) the reference made to “Debt Issuance Program Prospectus” is changed into the “Base Prospectus as supplemented on 27 September 2007”.

I. SUPPLEMENTAL INFORMATION RELATING TO THE SUMMARY

1. SUMMARY OF RISK FACTORS (SECTION I.1 OF THE BASE PROSPECTUS)

The paragraphs following the title “Summary of Risks relating to the Issuer” in Section I.2 (“SUMMARY OF RISK FACTORS”) (page 7) of the Original Debt Issuance Program Prospectus is hereby deleted and substituted by the following:

“Summary of Risks relating to the Issuer

- Credit Risk** Credit risks are losses from bad debts or from the deterioration of customers’ credit rating. Credit risks comprise counterparty risk, the country risk, credit rating risk and collateral risk.
- Market Risk** The market risk is related to potential losses which may be incurred as a result of unexpected changes in underlying market parameters such as prices, price differentials, volatility or other parameters in financial markets. For the Issuer, market risk is mostly composed of interest rate risk. Foreign currency risks play a much less important role.
- Liquidity Risk** Liquidity risk refers to the possible inability to fulfil present and future payment obligations. Liquidity risk comprises (i) the short-term liquidity risk which refers to the risk of insufficient liquidity for the performance of day-to-day payment obligations, (ii) the structural liquidity risk which refers to the risk arising from an imbalance in the medium and long-term liquidity structure; and (iii) the market liquidity risk which refers to the risk of insufficient liquidity in financial instruments, with the consequence that positions can be closed out only, if at all, at a significant loss. Under extreme market conditions the sale of bonds may become temporarily impossible. Furthermore, a decrease in creditworthiness of the Issuer or an increase in the risk positions of its financing portfolios may have the same effect for unsecured bonds and money market instruments. This may also affect the issuance of Pfandbriefe as it cannot be excluded that also the refinancing costs for the issuance of Pfandbriefe increase, in particular if the value of the assets in the cover pool deteriorates. In case the current downturn in the capital market continues, it is possible that the Issuer could in the future have limited access to senior unsecured funding.
- Operational Risks** Operational risk is defined as the risk of unexpected losses occurring due to human error, defective management processes, natural and other disasters, technological failure or changes in the external environment (event risk). Legal risks are also part of the operational risk.
- Other Risks** Other Risks comprise business and strategic risk together with reputational risk. Business and strategic risk are particularly related to the ongoing acquisition of DEPFA by Hypo RE Holding.”

2. SUMMARY OF THE DESCRIPTION OF THE ISSUER (SECTION I.2 OF THE BASE PROSPECTUS)

Subsequent to paragraph “Integration of the Issuer into Hypo Real Estate Group” in Section I.3 (“Summary of the description of the Issuer”) (page 9) of the Original Debt Issuance Program Prospectus the following paragraph is to be inserted:

“Major Events

On 24 September 2007 the extraordinary general meeting of shareholders of DEPFA agreed to the takeover by Hypo RE Holding. Before that, the boards of Hypo RE Holding and DEPFA had agreed on the terms and conditions for the acquisition of all issued shares in DEPFA by Hypo RE Holding. The acquisition is planned to be closed on or about 4 October 2007.

As a result of the acquisition, DEPFA would become a wholly-owned subsidiary of Hypo RE Holding and as such would continue to exist with its brand. The role of Hypo RE Holding as the central steering and management body of the group would not be changed.”

II. ERGÄNZENDE INFORMATIONEN ZUR DEUTSCHEN ÜBERSETZUNG DER ZUSAMMENFASSUNG

1. ZUSAMMENFASSUNG DER RISIKOFAKTOREN (ABSCHNITT II.1 DES BASISPROSPEKTS)

Die im Abschnitt II.1 („Zusammenfassung der Risikofaktoren“) unter der Überschrift „Zusammenfassung der mit der Emittentin verbundenen Risiken“ (Seite 16f.) des Basisprospekts enthaltenen Absätze des Basisprospekts werden hiermit gelöscht und durch die folgenden Absätze ersetzt:

„Zusammenfassung der mit der Emittentin verbundenen Risiken

- Kreditrisiko** Kreditrisiken sind Risiken eines Verlustes aufgrund uneinbringlicher Forderungen oder der Verschlechterung der Ratings eines Kunden. Das Kreditrisiko umfasst das Adressenausfallrisiko, das Länderrisiko, das Risiko einer Verschlechterung des Ratings und das Besicherungsrisiko.
- Marktrisiko** Das Marktrisiko entsteht bei der Möglichkeit eines Wertverlustes als Folge von unerwarteten Veränderungen der zugrunde liegenden Marktparameter, wie Aktienpreise, Wechselkurse, Volatilität sowie anderer Parameter auf den Finanzmärkten. Für die Emittentin besteht das Marktrisiko hauptsächlich in dem Zinsrisiko. Fremdwährungsrisiken spielen eine viel geringere Rolle.
- Liquiditätsrisiko** Das Liquiditätsrisiko bezeichnet die potentielle Unfähigkeit, gegenwärtigen oder zukünftigen Zahlungsverpflichtungen nachzukommen. Das Liquiditätsrisiko umfasst (i) das kurzfristige Liquiditätsrisiko, welches das Risiko einer nicht ausreichenden Liquidität für die Erfüllung der laufenden Zahlungsverpflichtungen ist, (ii) das strukturelle Liquiditätsrisiko, welches infolge einer unausgewogenen mittel- und langfristigen Liquiditätsstruktur entsteht und (iii) das Marktliquiditätsrisiko, welches das Risiko einer nicht ausreichenden Liquidität der Finanzinstrumente, aufgrund derer Positionen nicht oder nur mit erheblichen Verlusten glatt gestellt werden können, widerspiegelt. In extremen Marktbedingungen kann der Absatz von Schuldverschreibungen vorübergehend unmöglich werden. Auch eine Verschlechterung der Bonität der Emittentin oder eine Steigerung des Risikogehalts in den Finanzierungsportfolien kann die gleichen Effekte auf ungedeckte Anleihen und Geldmarktgeschäfte haben. Dies kann auch die Begebung von Pfandbriefen betreffen, da nicht ausgeschlossen werden kann, dass auch die Refinanzierungskosten für die Begebung von Pfandbriefen ansteigen, insbesondere falls sich die Bonität der Darlehen im Deckungsstock verschlechtert. Wenn die aktuellen Verwerfungen am Kapitalmarkt anhalten, kann dies dazu führen, dass die Emittentin nur in begrenztem Umfang auf Senior Unsecured Refinanzierungsquellen zugreifen kann.
- Operationelle Risiken** Operationelle Risiken sind unerwartete Verluste aufgrund menschlichen oder technischen Versagens, fehlerhafter Verwaltungsverfahren, Naturkatastrophen oder anderer Unglücke oder Veränderungen infolge externer Ereignisse (Event-Risiko). Ein Teil der operationellen Risiken sind rechtliche Risiken.
- Weitere Risiken** Zu den weiteren Risiken gehören Geschäftsrisiken und strategische Risiken sowie das Rufschädigungsrisiko. Geschäftsrisiken und strategische Risiken bestehen insbesondere aufgrund des derzeit stattfindenden Erwerbs der DEPFA durch die Hypo RE Holding.

2. ZUSAMMENFASSUNG DER INFORMATIONEN ÜBER DIE EMITTENTIN (ABSCHNITT II.3 DES BASISPROSPEKTS)

Im Abschnitt II.3 („Zusammenfassung der Informationen über die Emittentin“) wird im Anschluss an den Absatz „Eingliederung der Emittentin in die Hypo Real Estate Group“ (Seite 19) des Basisprospekts der folgende Absatz eingefügt:

„Wichtige Ereignisse

Am 24. September 2007 hat sich die außerordentliche Hauptversammlung der DEPFA mit der Übernahme durch die Hypo RE Holding einverstanden erklärt. Zuvor haben die Gremien der Hypo RE Holding und der DEPFA sich über die Bedingungen der Übernahme aller begebenen Aktien der DEPFA durch die Hypo RE Holding verständigt. Der Erwerb soll am oder um den 4. Oktober 2007 abgeschlossen sein.

Die DEPFA würde durch den Erwerb eine hundertprozentige Tochtergesellschaft der Hypo RE

Holding werden und würde als solche unter ihrer bisherigen Marke weiter existieren. Die Funktion der Hypo RE Holding als dem zentralen Steuerungs- und Führungsorgan des Konzerns würde unverändert bleiben.“

III. SUPPLEMENTAL INFORMATION RELATING TO RISK FACTORS (RISKS RELATING TO THE ISSUER)

Section IV.1 (“RISKS RELATING TO THE ISSUER”) (page 29 to 30) of the Original Debt Issuance Program Prospectus is hereby deleted and substituted by the following:

"Even if the Issuers concentrates on low-risk business areas and applies strict risk control methods as demanded by German law, in particular by the Pfandbrief Act (see Section X. “German Pfandbriefe and the German Mortgage Banking Sector”), there are risk factors that affect the Issuer’s ability to fulfil its obligations under Notes issued under the Program. These risk factors can be divided into the following categories:

Credit Risk

Credit risks are losses from bad debts or from the deterioration of customers’ credit rating. Credit risks comprise counterparty risk, country risk, credit rating risk and collateral risk.

Counterparty risk refers to the risk of losses or a profit not realized as a result of non-payment by a business partner or a deterioration in its creditworthiness. With respect of the Issuer possible losses may especially arise from interest rate and foreign currency derivative transactions.

Country risk refers to the risk of possible transfer and conversion restrictions encountered with counterparties domiciled abroad. The country risk materializes when a borrower who is able and willing to pay cannot meet its payment obligations as a result of governmental currency or transfer restrictions. The location of the property securities is also important in this respect.

Credit rating risk refers to the fact that the rating applied to a counterparty; e.g. a mortgage borrower, which indicates its ability to fulfil timely payment of principal and interest, may deteriorate due to borrower specific circumstances. In addition, the credit risk in the property financing business includes the collateral risk, which is attributable to the deterioration of the value of collateral, due to property specific reasons, market conditions or otherwise.

Market Risk

The term market risk relates to potential losses which may be incurred as a result of unexpected changes in underlying market parameters such as prices, price differentials, volatility or other parameters in financial markets. For the Issuer, market risk is mostly composed of interest rate risk. Foreign currency risks play a much less important role.

Liquidity Risk

Liquidity risk refers to the possible inability to fulfil present and future payment obligations. Liquidity risk encompasses: (i) short-term liquidity risk which refers to the risk of insufficient liquidity for the performance of day-to-day payment obligations; (ii) structural liquidity risk which refers to the risk arising from an imbalance in the medium and long-term liquidity structure; and (iii) market liquidity risk which refers to the risk of insufficient liquidity in financial instruments, with the consequence that positions can be closed out only, if at all, at a significant loss. Under extreme market conditions the sale of bonds may become temporarily impossible. Furthermore, a decrease in creditworthiness of the Issuer or an increase in the risk positions of its financing portfolios may have the same effect for unsecured bonds and money market instruments. This may also affect the issuance of Pfandbriefe as it cannot be excluded that also the refinancing costs for the issuance of Pfandbriefe increase, in particular if the value of the assets in the cover pool deteriorates. In case the current downturn in the capital market continues, it is possible that the Issuer could in the future have limited access to senior unsecured funding.

Operational Risks

Operational risk is defined as the risk of unexpected losses occurring due to human error, defective management processes, natural and other disasters, technological failure or changes in the external environment (event risk). Legal Risks are also part of the operational risk. Legal risks may arise from the unexpected modification of elementary legal provisions, disadvantageous contractual arrangements and (actual and potential) legal disputes with third parties.

Other Risks

The Other Risks category for the Issuer’s purposes essentially comprises business and strategic risk. Business risk refers to a rapid and substantial decline in business opportunities with a corresponding decline in revenues. Strategic risk relates to the risk of incorrectly assessing main developments and trends in the Issuer’s main business areas. Business and strategic risk is particularly related to the ongoing acquisition of DEPFA by Hypo RE Holding. Furthermore, Other Risks include reputational risk which relates to negative effects on enterprise value by business practices, customer conduct or as a consequence of the occurrence of other types of risk.

Detailed information on risks and the Issuers' risk management tools is contained in the Risk Report as part of the Issuer's Annual Report 2006 on pages 13 to 24 (see Section XIV. "Incorporation by Reference").

IV. SUPPLEMENTAL INFORMATION RELATING TO THE DESCRIPTION OF THE ISSUER

1. INFORMATION ABOUT THE ISSUER (SECTION V.2 OF THE BASE PROSPECTUS)

At the end of Section V.2 (page 35) of the Original Base Prospectus the following paragraphs are inserted:

“On 24 September 2007, the extraordinary general meeting of shareholders of DEPFA BANK plc (“DEPFA”) agreed to the takeover by Hypo RE Holding. Before that, the boards of Hypo RE Holding and DEPFA had agreed on the terms and conditions for the acquisition of all issued shares in DEPFA by Hypo RE Holding by means of a scheme of arrangement under Section 201 of the Companies Act, 1963 of Ireland. The acquisition is planned to be closed on or about 4 October 2007.”

As a result of the acquisition, DEPFA would become a wholly-owned subsidiary of Hypo RE Holding (in addition to the real estate financing subsidiaries Hypo International and the Issuer) and as such would continue to exist with its brand. The role of Hypo RE Holding as the central steering and management body of the group would not be changed.

It is planned that DEPFA together with its consolidated subsidiaries (“DEPFA Group”) will become the centre of competence for public finance and infrastructure finance as well as for capital markets and asset management in the combined group (which comprises Hypo RE Holding and DEPFA, together with their consolidated subsidiaries; together, the “Combined Group”). It is currently being examined whether Hypo Public Finance Bank with its subsidiaries should be integrated into the DEPFA Group as an additional second step.

In the Combined Group, it is further contemplated to concentrate the commercial real estate business in the medium term in a single legal entity based in Munich. This would mean that there were only two Pfandbrief Banks in Germany - instead of three. A final decision has not been made regarding the future legal structure.”

2. HYPO REAL ESTATE GROUP (SECTION V.10 OF THE BASE PROSPECTUS)

The paragraphs following the title “Overview on Business and Strategy” (page 52 and 53) of the Original Base Prospectus are deleted and replaced by the following paragraphs:

“General Strategic Orientation of Hypo Real Estate Group

At the beginning of the year 2007, Hypo RE Group has implemented or broadened a number of strategic initiatives to further improve profitability and optimise its risk profile. These initiatives include:

- Hypo RE Group has started to apply its financial engineering knowledge to other asset classes such as roads and mobile assets. Furthermore, the value chain is to be extended by expanding asset management, which comprises the management of finance risks mainly based on real estate as assets. Asset-based finance activities outside real estate financing, capital-market activities and asset management activities are pooled in the segment “Asset Finance und Asset Management”. This segment comprises activities of Hypo Public Finance Bank and its subsidiaries.
- Furthermore, Hypo RE Group has combined the segments “Hypo Real Estate International” and “Hypo Real Estate Germany” to form the segment “Commercial Real Estate” as of 1 January 2007, in order to overcome the previous distinction between separately managed national and international commercial real estate business.
- The distribution channels for financing which were set up in the year 2006 are intended to be established as a further value driver of Hypo RE Group. This comprises for instance the expansion of securitisation, which will reduce the balance sheet volume and release equity for further growth. The aim is to allocate the group’s equity consistently on the basis of the best yield opportunities.
- Group-wide portfolio management has been established and is intended to be further developed in Hypo RE Holding in order to optimise the risk and earnings potential of Hypo RE Group.

Reasons for the acquisition of DEPFA BANK plc

Hypo RE Holding intends to integrate DEPFA Group into the overall strategy of Hypo RE Group. The principal reasons for the acquisition are as follows:

- In terms of market access, capital base and range of products, the Combined Group expects to be able to offer larger and more complex financing on a global scale. It will thus be able to take advantage of previously

unavailable growth opportunities with attractive margins, particularly with regard to financing real estate for the public sector and infrastructure financing.

- The Combined Group will be able to considerably enhance its position along the entire value chain – origination, structuring and distribution of financing – in the markets and regions in which it is active.
- The risk structure and risk concentration of the Combined Group will be reduced by the expanded financing portfolio and central active portfolio management which has already been implemented.
- The planned strategic organisation of the Combined Group will be reflected in the three future business segments: commercial real estate finance, public and infrastructure finance and capital markets and asset management.”