

Information Memorandum dated 15th April, 2004.
This Information Memorandum replaces and supersedes
the Information Memorandum dated 29th November, 2002.

Hypo Real Estate Bank AG

Munich, Federal Republic of Germany

Euro 25,000,000,000 Debt Issuance Program

for the issuance of Notes in bearer and
registered form (including Pfandbriefe)

Arranger:

HVB Corporates & Markets

Dealers:

ABN AMRO
Barclays Capital
BNP PARIBAS
CDC IXIS Capital Markets
Citigroup
Commerzbank Securities
Deutsche Bank
Dresdner Kleinwort Wasserstein
DZ BANK AG
Goldman Sachs International
HSBC
HVB Corporates & Markets
Hypo Real Estate
Merrill Lynch International
Morgan Stanley
SG Corporate & Investment Banking
UBS Investment Bank
WGZ-Bank
Westdeutsche Genossenschafts-Zentralbank eG

Hypo  **Real Estate**
BANK

A member of Hypo Real Estate Group

Hypo Real Estate Bank AG, acting through its head office or one of its foreign branches (if any) (“Hypo Real Estate” or the “Issuer”), having made all reasonable inquiries, confirms that this Information Memorandum contains all information with respect to itself and the Notes to be issued by it which is material in the context of the Debt Issuance Program (the “Program”) as described herein, that the information contained in this Information Memorandum is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Information Memorandum are honestly held and that there are no other facts the omission of which would make any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly. As used herein, the term “Notes” means, unless otherwise specified or the context otherwise requires, all Notes and Pfandbriefe issued under the Program.

This Information Memorandum is to be read in conjunction with all documents which are or are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference” below). This Information Memorandum shall be read and construed on the basis that such documents are so incorporated and form part of this Information Memorandum.

The Dealers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers as to the accuracy or completeness of the information contained in this Information Memorandum or any other information provided by the Issuer. The Dealers do not accept any liability in relation to the information contained in this Information Memorandum or any other information provided by the Issuer in connection with the Program.

No person has been authorized to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other information supplied in connection with the Program and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer or any of the Dealers.

Neither this Information Memorandum nor any other information supplied in connection with the Program is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Information Memorandum or any other information supplied in connection with the Program should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer. Neither this Information Memorandum nor any other information supplied in connection with the Program constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

The delivery of this Information Memorandum does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Program is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Program. Investors should review, *inter alia*, the most recent non-consolidated or consolidated financial statements and interim reports, if any, of the Issuer when deciding whether or not to purchase any Notes.

The distribution of this Information Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Information Memorandum or any Notes come must inform themselves about any such restrictions. In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Notes in the United States, the United Kingdom, Japan, the Federal Republic of Germany and Italy (see “Subscription and Sale” below).

The Notes have not been and will not be registered under the United States Securities Act of 1933 as amended (the “Securities Act”) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see “Subscription and Sale” below).

In this Information Memorandum, unless otherwise specified or the context otherwise requires, the terms “Euro”, “euro”, “€” or “EUR” each means the lawful single currency of those countries which are participants of the European Monetary Union, “Sterling”, “£”, “GBP” and “STG” each means the lawful currency of the United Kingdom, “Swiss Franc”, “Sfr”, “CHF” and “SWF” each means the lawful currency of Switzerland, “U.S. Dollar”, “Dollar”, “U.S.\$”, “\$” and “USD” each means the lawful currency of the United States of America and “Yen”, “¥” and “JPY” each means the lawful currency of Japan.

In connection with the issue and distribution of any Tranche (as defined under “Summary of the Terms and Conditions of the Program and the Notes” below) of Notes, the Dealer (if any) disclosed as the stabilizing manager in the applicable Pricing Supplement or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes of the Series (as defined under “Summary of the Terms and Conditions of the Program and the Notes” below) of which such Tranche forms part at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on the stabilizing manager or any agent of his to do this. Such stabilizing, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilizing shall be in compliance with all applicable laws and rules and regulations.

Application has been made to list the Notes (including Pfandbriefe) in bearer form issued under the Program within twelve months from the date hereof on the Luxembourg Stock Exchange. The Issuer and the relevant Dealer(s) may elect whether Notes are issued with or without a listing (see “Summary of the Terms and Conditions of the Program and the Notes”).

TABLE OF CONTENTS

	<u>Page</u>
Documents Incorporated by Reference	5
General Description of the Program	6
Summary of Terms and Conditions of the Program and the Notes	7
Forms of Notes and Pricing Supplements	13
Terms and Conditions (Bearer Notes)	34
Terms and Conditions (Bearer Pfandbriefe)	49
Terms and Conditions (Registered Notes)	59
Terms and Conditions (Registered Pfandbriefe)	71
German-Market Terms and Conditions	80
Hypo Real Estate Bank AG	101
Summary Financial Information	105
Subscription and Sale	107
Taxation	111
General Information	113

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

- (a) the annual reports of the Issuer for the fiscal years ended 31st December, 2002 and 31st December, 2003, and for any fiscal year or interim period ending thereafter, the most recently published annual report and the most recently published interim reports of the Issuer;
- (b) all supplements to this Information Memorandum circulated by the Issuer from time to time in accordance with the undertakings given by the Issuer in the Dealer Agreement,

except that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). The Issuer currently publishes unaudited interim reports for three months, six months and nine months.

Copies of any or all of the documents which are incorporated herein by reference will be available free of charge from the specified offices of the Paying Agents set out at the end of this Information Memorandum.

The Issuer has given an undertaking in connection with the listing of the Notes on the Luxembourg Stock Exchange to the effect that, so long as any Note remains outstanding and listed on such Exchange, in the event of any material adverse change in the financial condition of the Issuer which is not reflected in the Information Memorandum, the Issuer will prepare a supplement to the Information Memorandum or publish a new Information Memorandum for use in connection with any subsequent issue of Notes to be listed on the Luxembourg Stock Exchange. If the terms of the Program are modified or amended in a manner which would make the Information Memorandum, as supplemented, inaccurate or misleading, a new Information Memorandum will be prepared.

GENERAL DESCRIPTION OF THE PROGRAM

Under the Program, the Issuer may from time to time issue Notes denominated in any currency or currency unit and having a maturity as may be agreed between the Issuer and the relevant Dealers and as indicated in the applicable Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant regulatory authority or any laws or regulations applicable to the Issuer or the relevant Specified Currency. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer(s) prior to the issue of the Notes and will be set out in the applicable Terms and Conditions (as defined below) or any alternative terms and conditions of the Notes attached to, endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement (if any) attached to, or endorsed on, or otherwise incorporated into, such Notes, as more fully described under “Forms of Notes and Pricing Supplements” below.

The Issuer may also issue Euro-denominated Notes in bearer form (other than Pfandbriefe) to be deposited with Clearstream Banking AG (“Clearstream, Frankfurt”) (the “German-Market Notes”). The applicable terms of any German-Market Notes will be agreed between the Issuer and the relevant Dealer(s) prior to the issue of such Notes and will be set out in the German-Market Terms and Conditions as completed, supplemented or amended, which will be attached to, or endorsed on, such Notes. Such Notes will generally not be listed on the Luxembourg Stock Exchange, but may be listed on a German stock exchange. To the extent that German-Market Notes will be offered to retail investors in Germany or will be listed on a German stock exchange, the binding version of the applicable German-Market Terms and Conditions will be in the German language. If so agreed between the Issuer and the relevant Dealers(s), a non-binding English translation will be prepared for convenience only. A description of the terms and conditions of, and the procedures for issuing, such Notes is contained in “Summary of Terms and Conditions of the Program and the Notes” below.

This Information Memorandum and any supplement hereto will only be valid for issuing and/or listing Notes on the Luxembourg Stock Exchange in an aggregate principal amount which, when added to the aggregate principal amount then outstanding of all Notes previously or simultaneously issued under the Program, does not exceed Euro 25,000,000,000 or its equivalent in other currencies. For the purpose of calculating the Euro equivalent of the aggregate principal amount of Notes issued under the Program from time to time:

- (a) the Euro equivalent of Notes denominated in another Specified Currency (as defined under “Forms of Notes and Pricing Supplements” below) shall be determined as of the date of the agreement to issue such Notes (the “Agreement Date”) on the basis of the mid price spot rate of REUTERS for the sale of Euro against the purchase of such Specified Currency;
- (b) the Euro equivalent of Dual Currency Notes (as defined under “Forms of Notes and Pricing Supplements” below) shall be calculated in the manner specified above by reference to the original principal amount of such Notes;
- (c) the Euro equivalent of Zero Coupon Notes (as defined under “Forms of Notes and Pricing Supplements” below) and other Notes issued at a discount shall be calculated in the manner specified above by reference to the principal amount of such Notes; and
- (d) the Euro equivalent of Partly-Paid Notes (as defined under “Forms of Notes and Pricing Supplements” below) shall be the principal amount regardless of the amount paid up on such Notes.

SUMMARY OF TERMS AND CONDITIONS OF THE PROGRAM AND THE NOTES

Description:	Continuously offered Debt Issuance Program.
Issuer:	Hypo Real Estate Bank AG (acting through its head office or one of its foreign branches, if any)
Arranger:	Bayerische Hypo- und Vereinsbank AG
Dealers:	ABN AMRO Bank N.V. Barclays Bank PLC Bayerische Hypo- und Vereinsbank AG BNP Paribas CDC IXIS Capital Markets Citigroup Global Markets Limited Commerzbank Aktiengesellschaft Deutsche Bank Aktiengesellschaft Dresdner Bank Aktiengesellschaft DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main Goldman Sachs International HSBC Bank plc Hypo Real Estate Bank AG Merrill Lynch International Morgan Stanley & Co. International Limited Société Générale UBS Limited WGZ-Bank Westdeutsche Genossenschafts-Zentralbank eG and any other financial institution that may be appointed as additional Dealer under the Program.
Distribution:	By way of a private placement or on a syndicated or non-syndicated basis.
Issuing and Principal Paying Agent:	Hypo Real Estate Bank AG (for German-Market Notes); Citibank, N.A., London Office (for all other Notes).
Registrar:	Citibank, N.A., London Office (for Notes in registered form).
Amount:	Euro 25,000,000,000 (or its equivalent in other currencies) outstanding at any one time. The Issuer will have the option at any time to increase the amount of the Program subject to, and in accordance with, the terms of the Dealer Agreement.
Currencies:	Subject to any applicable legal or regulatory restrictions, including, in the case of an issuance of Pfandbriefe, the German Mortgage Bank Act (<i>Hypothekbankgesetz</i>), such currencies or currency units as may be agreed between the Issuer and the relevant Dealer(s), including, without limitation, Euro, Sterling, Swiss Franc, U.S. Dollar and Yen and any other currency or currency unit subject to compliance with all legal and regulatory requirements.
Maturities:	Any maturity as may be agreed between the Issuer and the relevant Dealer(s) and indicated in the applicable Pricing Supplement, subject to such minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency or the Issuer. In relation to Notes having a maturity of less than one year, the proceeds of which are accepted in the United Kingdom, certain denomination and distribution restrictions apply. See “Regulatory Matters” below.
Regulatory Matters:	Any issue of Notes denominated in a currency in respect of which particular laws, regulations, guidelines and central bank requirements apply will only be issued in circumstances which comply with such laws, regulations, guidelines and central bank requirements from time to time. Without prejudice to the generality of the foregoing:

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent in any other currency, see “Subscription and Sale”. In addition, each issue of Notes denominated in Sterling shall be made in accordance with any applicable requirements from time to time of the Bank of England and the Financial Services Authority.

Issues of Notes denominated in Swiss francs or carrying a Swiss franc related element with a maturity of more than one year (other than Notes privately placed with a single investor with no publicity) will be effected in compliance with the relevant regulations of the Swiss National Bank based on Article 7 of the Federal Law on Banks and Savings Banks of 1934 (as amended) and Article 15 of the Federal Law on Stock Exchanges and Securities Trading of March 24, 1995 in connection with Article 2, paragraph 2 of the Ordinance of the Federal Banking Commission on Stock Exchanges and Securities Trading of June 25, 1997. Under the said regulations, the relevant Dealer or, in the case of a syndicated issue, the lead manager must be a bank domiciled in Switzerland (which includes branches or subsidiaries of a foreign bank located in Switzerland) or a securities dealer duly licensed by the Swiss Federal Banking Commission pursuant to the Federal Law on Stock Exchanges and Securities Trading of March 24, 1995 (the “Swiss Dealer”). The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the relevant Issue Date (as specified in the applicable Pricing Supplement).

No Notes will be offered, sold or delivered or copies of the Information Memorandum or any other document relating to the Notes or the Program will be distributed in Italy, except in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998 (the “Financial Services Act”) and Article 33, first paragraph, of the Italian Securities Exchange Commission (*Commissione Nazionale per le Società e la Borsa* – “CONSOB”) Regulation No. 11971 of May 14, 1999, as amended, and in accordance with Italian securities, banking, tax and exchange control and all other applicable laws and regulations. Any such permitted offer, sale or delivery of Notes or distribution of copies of the Information Memorandum or any other document relating to the Notes or the Program in Italy will be:

- (i) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of September 1, 1993 (the “Italian Banking Law”), Decree No. 58 of February 24, 1998, Regulation No. 11522, as amended, and any other applicable laws and regulations;
- (ii) in compliance with Article 129 of the Italian Banking Law and the implementing instructions of the Bank of Italy, pursuant to which the issue or placement of Notes to investors in Italy is conditioned upon obtaining authorization from the Bank of Italy; and
- (iii) in compliance with any other applicable notification requirement or limitation which may be imposed upon the offer of Notes in Italy by CONSOB or the Bank of Italy.

Issue Price:

Notes may be issued on a fully-paid or partly-paid basis and at an issue price which is at par or at a discount to, or premium, over par.

Form of Notes:

Notes, including Pfandbriefe, may be issued in bearer or registered form. Notes in bearer form (“Bearer Notes”) which are issued on the same date and are identical in all other respects (including as to listing) will constitute a “Tranche”. Where expressed to do so, any Tranche of Bearer Notes will constitute a single fungible series (a “Series”) with one or more further Tranches of Bearer Notes

which are (i) expressed to be consolidated and form a single Series and (ii) identical in all respects (including as to listing), except for their respective issue dates, interest commencement dates and/or issue prices.

Bearer Notes to which U.S. Treasury Regulation § 1.163-5(c)(2)(i)(C) (the “TEFRA C Rules”) applies (“TEFRA C Notes”) will be represented either initially by a temporary global Note in bearer form, without interest coupons, in an initial principal amount equal to the aggregate principal amount of such Notes (“Temporary Global Note”) or a permanent global Note in bearer form, without interest coupons, in a principal amount equal to the aggregate principal amount of such Notes (“Permanent Global Note”). Any Temporary Global Note will be exchanged for either definitive Notes in bearer form (“Definitive Notes”) with interest coupons and talons (where applicable) or, to the extent that Euroclear Bank S.A./N.V. as operator of the Euroclear system (“Euroclear”) and Clearstream Banking société anonyme (“Clearstream, Luxembourg”) and/or the relevant Alternative Clearing System so permits, in part for Definitive Notes and in the other part for one or more collective global Notes in bearer form (“Collective Global Notes”) with interest coupons and talons (where applicable).

Bearer Notes to which U.S. Treasury Regulation § 1.163-5(c)(2)(i)(D) (the “TEFRA D Rules”) applies (“TEFRA D Notes”) will initially be represented by a Temporary Global Note which will be exchanged for either a Permanent Global Note or Definitive Notes or in part for Definitive Notes and in the other part for one or more Collective Global Notes, in each case on or after the day which is 40 days after the Issue Date upon certification of non-U.S. beneficial ownership in the form available from time to time at the specified office of the Issuing Agent.

Bearer Notes to which neither the TEFRA C Rules nor the TEFRA D Rules apply will be represented either initially by a Temporary Global Note or from the issue date by a Permanent Global Note. Any Temporary Global Note will be exchanged for either Definitive Notes or, to the extent that the relevant Clearing System so permits, in part for Definitive Notes and in the other part for one or more Collective Global Notes.

Pfandbriefe in bearer form to which the TEFRA C Rules apply will be represented by a permanent global Pfandbrief in bearer form, without interest coupons, in a principal amount equal to the aggregate principal amount of such Pfandbriefe (“Permanent Global Pfandbrief”).

Pfandbriefe in bearer form to which the TEFRA D Rules apply will initially be represented by a temporary global Pfandbrief in bearer form, without interest coupons, in a principal amount equal to the aggregate principal amount of such Pfandbriefe (“Temporary Global Pfandbrief”). Any Temporary Global Pfandbrief will be exchanged for a Permanent Global Pfandbrief on or after the day which is 40 days after the Issue Date upon certification of non-U.S. beneficial ownership in the form available from time to time at the specified office of the Issuing Agent.

Pfandbriefe in bearer form to which neither the TEFRA C Rules nor the TEFRA D Rules apply will be represented by a Permanent Global Pfandbrief.

Permanent Global Notes, Temporary Global Pfandbriefe and Permanent Global Pfandbriefe will not be exchanged for Definitive Notes or Collective Global Notes.

German-Market Notes to which the TEFRA C Rules apply will be represented either initially by a Temporary Global Note (German version) or a Permanent Global Note (German version). Any Temporary Global Note (German version) will be exchanged for either Definitive Notes (German version) with interest coupons and talons (where applicable) or in part for Definitive Notes (German version) and in the other part for one or more Collective Global Notes (German version) with interest coupons and talons (where applicable).

German-Market Notes to which the TEFRA D Rules apply will initially be represented by a Temporary Global Note (German version) which will be exchanged for either a Permanent Global Note (German version) or Definitive Notes (German version) or in part for Definitive Notes (German version) and in the other part for one or more Collective Global Notes (German version), in each case on or after the day which is 40 days after the Issue Date upon certification of non-U.S. beneficial ownership in the form available from time to time at the specified office of the Issuing Agent.

German-Market Notes to which neither the TEFRA C Rules nor the TEFRA D Rules apply will be represented either initially by a Temporary Global Note (German version) or from the Issue Date by a Permanent Global Note (German version). Any Temporary Global Note (German version) will be exchanged for either Definitive Notes (German version) or in part for Definitive Notes (German version) and in the other part for one or more Collective Global Notes (German version).

As used herein the term “Global Note” means a Temporary Global Note (including the German version thereof), a Permanent Global Note (including the German version thereof), a Temporary Global Pfandbrief or a Permanent Global Pfandbrief.

Notes (other than Pfandbriefe) in registered form will be represented by a single registered Note, without interest coupons, in a principal amount equal to the principal amount of such Notes (“Registered Note”). Pfandbriefe in registered form will be represented by a registered Pfandbrief, without interest coupons, in a principal amount equal to the principal amount of such Pfandbriefe (“Registered Pfandbrief”). Unless otherwise specified or the context otherwise requires, the term Registered Note includes a Registered Pfandbrief.

Pfandbriefe:

Pfandbriefe may be issued as mortgage Pfandbriefe (*Hypothekenspfandbriefe*) or public sector Pfandbriefe (*öffentliche Pfandbriefe*).

Mortgage and public sector Pfandbriefe constitute recourse obligations of the Issuer. They are secured or “covered” by separate pools of mortgage loans (in the case of mortgage Pfandbriefe) or public sector loans (in the case of public sector Pfandbriefe), the sufficiency of which is determined in accordance with the German Mortgage Bank Act (*Hypothekensbankgesetz*). See “General Information—Pfandbriefe” below.

Fixed Rate Notes:

Interest on Fixed Rate Notes will be payable in arrear on such basis and on such date(s) as agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement) and on redemption.

Floating Rate Notes:

Floating Rate Notes will bear interest at a rate determined on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended, updated or replaced from time to time) or on the basis of a reference rate appearing on an agreed screen page of a commercial quotation service or on such other basis as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement). Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

The margin (when applicable) relating to the floating rate will be agreed between the Issuer and the relevant Dealer(s) for each issue of Floating Rate Notes.

Interest on Floating Rate Notes will be payable in arrear on such basis and on such interest payment dates as agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement).

Interest Periods for Floating Rate Notes:

Such periods, as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Pricing Supplement).

Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currency or currencies, and based on such rate or rates of exchange, as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Pricing Supplement).
Index-Linked Notes:	Payments of interest in respect of Index-Linked Interest Notes and payments of principal in respect of Notes with Index-Linked Redemption will be calculated by reference to such Index and/or Formula as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Pricing Supplement).
Zero Coupon Notes:	Zero Coupon Notes may be offered and sold at a discount to their principal amount and will not bear interest except in the case of late payment.
Redemption:	<p>The applicable Pricing Supplement will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified installments (see below) or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving not more than 60 days' nor less than 30 days' irrevocable notice (or in any case such other notice period (if any) as is indicated in the applicable Pricing Supplement) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as indicated in the applicable Pricing Supplement.</p> <p>The Pricing Supplement may provide that the Notes may be repayable in two or more installments of such amounts and on such dates as indicated in the applicable Pricing Supplement.</p> <p>Pfandbriefe will not in any event be capable of being redeemed prior to their stated maturity for taxation reasons, following an Event of Default or at the option of the Noteholders.</p>
Denomination of Notes:	<p>Such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Pricing Supplement, save that the minimum denomination of the Notes will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant specified currency.</p> <p>Notes issued on terms that they must be redeemed before the first anniversary of their date of issue may be subject to restrictions on their denominations and distribution (see "Regulatory Matters").</p>
Taxation:	<p>All payments of interest on, and principal of, the Notes made by the Issuer will be made without any deduction or withholding for, or on account of, any present or future taxes, duties or governmental charges of whatever kind levied or imposed by or in (in the case of all Notes) the Federal Republic of Germany and (in the case of Notes issued through a foreign branch (if any) of the Issuer) the jurisdiction in which such branch is established unless there is an obligation by law to make such deduction or withholding. In that event, the Issuer will pay such additional amounts as may be necessary to ensure the receipt by the Noteholders of the full amount stated on the Notes, subject to customary exceptions.</p> <p>Pfandbriefe will not provide for the obligation of the Issuer to pay such additional amounts in the event of taxes or duties being withheld or deducted from payments of principal or interest as aforesaid.</p>
Status of the Notes:	If the Notes are unsubordinated Notes, as set forth in the Pricing Supplement, or, in the case of German-Market Notes, the German-Market Conditions, as applicable, the Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank at least <i>pari passu</i> with the claims of all other unsecured creditors of it other than those claims which are expressly preferred by law (including claims arising from mortgage Pfandbriefe or public sector Pfandbriefe issued by the Issuer).

Notes issued as Pfandbriefe will constitute direct, unconditional and unsubordinated obligations of the Issuer and will rank *pari passu* among themselves and (i) in the case of public sector Pfandbriefe at least *pari passu* with all other obligations of the Issuer under public sector Pfandbriefe and (ii) in the case of mortgage Pfandbriefe at least *pari passu* with all other obligations of the Issuer under mortgage Pfandbriefe. Pfandbriefe are covered by separate pools of public sector loans (in the case of public sector Pfandbriefe) or mortgage loans (in the case of mortgage Pfandbriefe).

If the Notes are subordinated Notes, as set forth in the Pricing Supplement or, in the case of German-Market Notes, the German-Market Conditions, as applicable, (i) the Notes will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and will rank at least *pari passu* with the claims of all other unsecured, subordinated creditors of it and (ii) the claims arising from the Notes are subordinated to the claims of all other creditors of the Issuer which are not also subordinated, as shown in Condition 2 of the Terms and Conditions (Bearer Notes), Condition 2 of the Terms and Conditions (Registered Notes) and § 4 of the German-Market Terms and Conditions set forth below.

Negative Pledge: None.

Cross Default: None.

Listing: Application has been made to list the Bearer Notes (including Bearer Pfandbriefe) issued under the Program within twelve months from the date hereof on the Luxembourg Stock Exchange. The Issuer and the relevant Dealer(s) may elect whether Notes are issued with or without a listing. The listing of Notes on any stock exchange may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement). German-Market Notes will not be listed on the Luxembourg Stock Exchange. Such Notes may, however, be listed on a German stock exchange. To the extent that German-Market Notes will be offered to retail investors in Germany or will be listed on a German stock exchange, the binding version of the applicable German-Market Terms and Conditions will be in the German language. If so agreed between the Issuer and the relevant Dealer(s), a non-binding English translation will be prepared for convenience only. Notes in registered form will not be listed on any stock exchange.

Rating: Unless otherwise specified in the relevant Pricing Supplement, Notes to be issued under the Program have been rated as follows by Fitch Ratings Ltd. (“Fitch”), Moody’s Investors Service Ltd. (“Moody’s”) and Standard & Poor’s Ratings Services (“S&P”):

<i>Type of Notes</i>	<i>Fitch</i>	<i>Moody’s</i>	<i>S&P</i>
Public Sector Pfandbriefe	AAA	Aa3 ⁽¹⁾	AAA
Mortgage Pfandbriefe	AA+	A1 ⁽¹⁾	not rated
Long-term Senior Notes	BBB	Baa1	BBB
Subordinated Notes	BBB–	Baa2	BBB–
Short-term Notes	F3	P-2	A-3

⁽¹⁾ review for possible upgrade

Notes to be issued under the Program may be rated or unrated. Where an issue of Notes is rated, its rating may not be the same as the rating applicable to the Program.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Governing Law: The Notes will be governed by, and construed in accordance with, German law.

Selling Restrictions: There are selling restrictions in relation to the United States, the United Kingdom, Japan, Germany and Italy and such other restrictions as may be required in connection with the offering and sale of a particular issue of Notes. See “Subscription and Sale” below.

FORMS OF NOTES AND PRICING SUPPLEMENTS

Each Tranche of Notes in bearer form (“Bearer Notes”) other than German-Market Notes or Pfandbriefe, which are (as indicated in the applicable Pricing Supplement (Bearer Notes)) (i) subject to the TEFRA D Rules, (ii) subject to the TEFRA C Rules and exchangeable for Definitive Notes or (iii) neither subject to the TEFRA C Rules nor the TEFRA D Rules and exchangeable for Definitive Notes, will initially be represented by a Temporary Global Note, together with the Terms and Conditions (Bearer Notes) as supplemented or amended by the Pricing Supplement (Bearer Notes) relating to such Tranche attached thereto. Each Tranche of Bearer Notes other than German-Market Notes or Pfandbriefe, which are (as indicated in the applicable Pricing Supplement (Bearer Notes)) (i) subject to the TEFRA C Rules and not exchangeable for Definitive Notes or (ii) neither subject to the TEFRA C Rules nor the TEFRA D Rules and not exchangeable for Definitive Notes will be represented by a Permanent Global Note, without interest coupons or talons, together with the Terms and Conditions (Bearer Notes) as supplemented or amended by the Pricing Supplement (Bearer Notes) relating to such Tranche attached thereto. Each Temporary Global Note and Permanent Global Note will be delivered to a common depository for Euroclear and Clearstream, Luxembourg or a depository for any Alternative Clearing System (as specified in the applicable Pricing Supplement). A Temporary Global Note will be exchanged, in accordance with its terms, for (i) a Permanent Global Note or (ii) Definitive Notes or (iii) to the extent that Euroclear and Clearstream, Luxembourg and/or the relevant Alternative Clearing System so permit, in part Definitive Notes and in part Collective Notes.

Each Tranche of Pfandbriefe in bearer form, which are (as indicated in the applicable Pricing Supplement (Bearer Pfandbriefe)) subject to the TEFRA D Rules, will initially be represented by a Temporary Global Pfandbrief, together with the Terms and Conditions (Bearer Pfandbriefe) as supplemented or amended by the Pricing Supplement (Bearer Pfandbriefe) relating to such Tranche attached thereto. Each Tranche of Pfandbriefe in bearer form, which are (as indicated in the applicable Pricing Supplement (Bearer Pfandbriefe)) (i) subject to the TEFRA C Rules or (ii) neither subject to the TEFRA C Rules nor the TEFRA D Rules will be represented by a Permanent Global Pfandbrief, together with the Terms and Conditions (Bearer Pfandbriefe) as supplemented or amended by the Pricing Supplement (Bearer Pfandbriefe) relating to such Tranche attached thereto. The Temporary Global Pfandbrief and the Permanent Global Pfandbrief will be delivered to a common depository for Euroclear and Clearstream, Luxembourg or a depository for any Alternative Clearing System. A Temporary Global Pfandbrief will be exchanged, in accordance with its terms, for a Permanent Global Pfandbrief, together with the Terms and Conditions (Bearer Pfandbriefe) as supplemented or amended by the Pricing Supplement (Bearer Pfandbriefe) relating to such Tranche attached thereto.

A Temporary Global Note or a Temporary Global Pfandbrief, as the case may be, representing TEFRA D Notes will be so exchanged on or after the date (the “Exchange Date”) which is 40 days after the date on which the Temporary Global Note or the Temporary Global Pfandbrief, as the case may be, is issued, in each case against certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations in accordance with the terms of the Temporary Global Note or the Temporary Global Pfandbrief, as the case may be, unless certification has already been given pursuant to the second sentence of this paragraph. Whilst any Note which is subject to the TEFRA D Rules is represented by a Temporary Global Note or a Temporary Global Pfandbrief, as the case may be, payments of principal and interest (if any) due prior to the Exchange Date will be made against presentation of the Temporary Global Note only to the extent that certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations (in the form set out in the Temporary Global Note or the Temporary Global Pfandbrief, as the case may be) has been received by Euroclear and/or Clearstream, Luxembourg. The holder of the Temporary Global Note or the Temporary Global Pfandbrief, as the case may be, will not be entitled to collect any payment of interest or principal due on or after the Exchange Date. Pursuant to the Agency Agreement, the Issuing Agent shall arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned security code numbers of Euroclear and Clearstream, Luxembourg and, if applicable, any Alternative Clearing System which are different from the security code numbers assigned to Notes of any other Tranche of the same Series until at least 40 days after the completion of the distribution of the Notes of such Tranche as certified by the Issuing Agent to the relevant Dealer(s).

Payments of principal and interest (if any) on a Temporary Global Note or a Temporary Global Pfandbrief, as the case may be, representing Notes which are not subject to the TEFRA D Rules and on a Permanent Global Note or a Temporary Global Pfandbrief, as the case may be, will be made through Euroclear and Clearstream, Luxembourg and, if applicable, any Alternative Clearing System against presentation or surrender (as the case may be) of such Global Note without any requirement for certification.

Each Tranche of German-Market Notes, which are (i) subject to the TEFRA D Rules, (ii) subject to the TEFRA C Rules and, in accordance with their terms, exchangeable for Definitive Notes, or (iii) neither subject to the TEFRA C Rules nor the TEFRA D Rules and, in accordance with their terms, exchangeable for Definitive Notes,

will initially be represented by a Temporary Global Note (German version), without interest coupons or talons together with the German-Market Terms and Conditions, as completed, supplemented or amended, attached thereto, which will be delivered to Clearstream, Frankfurt. Each Tranche of German-Market Notes, which are (i) subject to the TEFRA C Rules and, in accordance with their terms, not exchangeable for Definitive Notes, or (ii) neither subject to the TEFRA C Rules nor the TEFRA D Rules and, in accordance with their terms, not exchangeable for Definitive Notes, will be represented by a Permanent Global Note (German version), together with the German-Market Terms and Conditions, as completed, supplemented or amended, attached thereto, which will be delivered to Clearstream, Frankfurt. A Temporary Global Note (German version) will be exchanged, in accordance with its terms, for (i) a Permanent Global Note (German version), (ii) Definitive Notes (German version) or (iii) in part Definitive Notes (German version) and in part Collective Global Notes (German version). A Temporary Global Note (German version) representing TEFRA D Notes will be so exchanged on or after the Exchange Date against certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations in accordance with the terms of the Temporary Global Note (German version), unless certification has already been given pursuant to the second sentence of this paragraph. Whilst any German-Market Note which is subject to the TEFRA D Rules is represented by a Temporary Global Note (German version), payments of principal and interest (if any) due prior to the Exchange Date will be made only to the extent that certification of non-U.S. beneficial ownership has been received by Clearstream, Frankfurt. Payments of principal and interest (if any) on a Temporary Global Note (German version) which is not subject to the TEFRA D Rules or a Permanent Global Note (German version) will be made to Clearstream, Frankfurt for credit to the accounts of the participants with Clearstream, Frankfurt.

Each issue of Registered Notes other than Registered Pfandbriefe will be represented by a single Registered Note without interest coupons and talons, together with the Terms and Conditions (Registered Notes) as supplemented or amended by the Pricing Supplement (Registered Notes) relating to such issue attached thereto. Each issue of Pfandbriefe in registered form will be represented by a single Registered Pfandbrief, together with the Terms and Conditions (Registered Pfandbriefe) as supplemented or amended by the Pricing Supplement (Registered Pfandbriefe) relating to such issue attached thereto. Registered Notes or Registered Pfandbriefe will not be delivered to Euroclear or Clearstream, Luxembourg or any Alternative Clearing System.

The following legend will appear on all Global Notes and Definitive Notes representing Notes which are subject to the TEFRA D Rules, as well as on interest coupons attached to such Notes:

“Any United States person (as defined in the Internal Revenue Code of the United States) who holds this obligation will be subject to limitations under the United States income tax laws including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.

The sections referred to above provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will be entitled to capital gains treatment of any gain on any sale, disposition or payment of principal in respect of Notes or interest coupons.

Pricing Supplement (Bearer Notes)

The Pricing Supplement relating to each Tranche of Bearer Notes (other than German-Market Notes or Pfandbriefe) will contain such of the following information as is applicable in respect of such Notes.

[Signing Date]

Hypo Real Estate Bank Aktiengesellschaft
[acting through its [Place of Branch] branch]
Issue of [Aggregate Principal Amount of Tranche][Title of Notes]
under the

Euro 25,000,000,000
Debt Issuance Program
Hypo Real Estate Bank Aktiengesellschaft

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (Bearer Notes) set forth in the Information Memorandum dated [insert date]. This Pricing Supplement must be read in conjunction with such Information Memorandum.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]

[If the Notes must be redeemed before the first anniversary of their date of issue the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. [(i)] Series Number: []
[(ii)] Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)
2. Specified Currency or Currencies: []
3. Aggregate Principal Amount:
[(i)] Series: []
[(ii)] Tranche: []
4. [(i)] Issue Price: [] per cent. of the Aggregate Principal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
[(ii)] Net proceeds: [] (*Required only for listed issues*)
5. Specified Denomination(s): []
6. [(i)] Issue Date: []
[(ii)] Interest Commencement Date (if different from the Issue Date): []
7. Maturity Date: [*specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year*]
8. Interest Basis: [●% Fixed Rate]
[*[specify reference rate] +/- ●% Floating Rate*]
[Zero Coupon]
[Index-Linked Interest]
[Other (*specify*)]
(further particulars specified below)

9. Redemption/Payment Basis: [Redemption at par]
[Index-Linked Redemption]
[Dual Currency]
[Partly Paid]
[Installment]
[Other (specify)]
10. Change of Interest or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]
11. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
12. Status of the Notes: [Senior/[Dated/Perpetual]/Subordinated]
13. Listing: [Luxembourg/other (specify)/None]
14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate[(s)] of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [] in each year
- (iii) Fixed Coupon Amount[(s)]: [] per [] in Principal Amount
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]]*
- (v) Fixed Day Count Fraction: [30/360 or Actual/Actual (ISMA) or specify other] *(Note that if interest is not payable on a regular basis (for example, if there are Broken Amounts specified) Actual/Actual (ISMA) will not be a suitable Fixed Day Count Fraction)*
- (vi) Determination Date(s): [] in each year
[Insert interest payment dates except where there are long or short periods. In these cases, insert regular interest payment dates]
(NB: Only relevant where Day Count Fraction is Actual/Actual (ISMA))
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph. Also consider whether Euro BBA LIBOR or EURIBOR is the appropriate reference rate)
- (i) Specified Period(s)/Specified Interest Payment Dates: []
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Convention/Preceding Business Day Convention/other (give details)]
- (iii) Additional Business Center(s): []

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (iv) Manner in which the Rate(s) of Interest is/are to be determined: | [Screen Rate Determination/ISDA Determination/other (<i>give details</i>)] |
| (v) Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Issuing Agent): | [] |
| (vi) Screen Rate Determination: | |
| —Reference Rate: | [] |
| —Interest Determination Date(s): | [] |
| —Relevant Screen Page and time: | [] |
| (vii) ISDA Determination: | |
| —Floating Rate Option: | [] |
| —Designated Maturity: | [] |
| —Reset Date: | [] |
| (viii) Margin(s): | [+/-] [] per cent. per annum |
| (ix) Minimum Rate of Interest: | [] per cent. per annum |
| (x) Maximum Rate of Interest: | [] per cent. per annum |
| (xi) Floating Day Count Fraction: | [] |
| (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: | [] |
| 17. Zero Coupon Note Provisions | [Applicable/Not Applicable]
<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i> |
| (i) [Amortization/Accrual] Yield: | [] per cent. per annum |
| (ii) Reference Price: | [] |
| (iii) Any other formula/basis of determining amount payable: | [] |
| 18. Index-Linked Interest Note Provisions | [Applicable/Not Applicable]
<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i> |
| (i) Index/Formula: | [<i>give or annex details</i>] |
| (ii) Calculation Agent responsible for calculating the rate and amount of interest due: | [] |
| (iii) Provisions for determining the rate and amount of interest due where calculation by reference to Index and/or Formula is impossible or impracticable: | [] |
| (iv) Specified Period(s)/Specified Interest Payment Date: | [] |
| (v) Business Day Convention: | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (<i>give details</i>)] |
| (vi) Additional Business Center(s): | [] |
| (vii) Minimum Rate of Interest: | [] per cent. per annum |
| (viii) Maximum Rate of Interest: | [] per cent. per annum |
| (ix) Day Count Fraction: | [] |
| 19. Dual Currency Note Provisions | [Applicable/Not Applicable]
<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i> |
| (i) Rate of Exchange/method of calculating Rate of Exchange: | [<i>give details</i>] |

- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: []
- (iii) Provisions for determining the rate and amount of interest due where calculation by reference to Rate of Exchange is impossible or impracticable: []
- (iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

20. Call Option

[Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): []
- (iii) If redeemable in part:
 - (a) Minimum Redemption Amount []
 - (b) Maximum Redemption Amount: []
- (iii) Notice period (if other than as set out in the Conditions): []

21. Put Option

[Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): []
- (iii) Notice period (if other than as set out in the Conditions): []

22. Final Redemption Amount

[Par/other/see Appendix]

23. Early Redemption Amount

Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): []

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:

[TEFRA D Rules:
 [Temporary Global Note exchangeable for a Permanent Global Note.]
 [Temporary Global Note exchangeable for Definitive Notes/Definitive Notes and Collective Global Note.]]
 [TEFRA C Rules:
 [Permanent Global Note]
 [Temporary Global Note exchangeable for Definitive Notes/Definitive Notes and Collective Global Note(s).]]
 [Neither TEFRA D nor TEFRA C Rules:⁽¹⁾
 [Permanent Global Note]
 [Temporary Global Note exchangeable for Definitive Notes/Definitive Notes and Collective Global Note.]]

⁽¹⁾ Applicable only if Notes have an initial maturity of one year or less.

25. Additional Financial Center(s) or other special provisions relating to Payment Dates: [Not Applicable/give details. *Note that this item relates to the place of payment, and not interest period end dates, to which item 16(iii) relates*]
26. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
27. Details relating to Partly-Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
28. Details relating to Installment Notes; Installment Amounts and Installment Dates: [Not Applicable/give details]
29. Redenomination, renominialization and reconventioning provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
30. Consolidation provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
31. Other terms or special conditions: [Not Applicable/give details]

DISTRIBUTION

32. (i) If syndicated, names of Managers: [Not Applicable/give names]
(ii) Stabilizing Manager (if any): [Not Applicable/give name]
33. If non-syndicated, name of Dealer: [Not Applicable/give name]
34. Additional selling restrictions: [Not Applicable/give details]

OPERATIONAL INFORMATION

35. ISIN Code: []
36. Common Code: []
37. WKN: []
38. Any Clearing System(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
39. Delivery: Delivery [against/free of] payment
40. Additional Paying Agent(s) (if any): []
41. Dealer's/Lead Manager's security account number: []

[LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the Euro 25,000,000,000 Debt Issuance Program of Hypo Real Estate Bank Aktiengesellschaft.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: _____
Duly authorized

Pricing Supplement (Bearer Pfandbriefe)

The Pricing Supplement relating to each Tranche of Pfandbriefe in bearer form will contain such of the following information as is applicable in respect of such Notes.

[Signing Date]

Hypo Real Estate Bank Aktiengesellschaft

Issue of [Aggregate Principal Amount of Tranche][Title of Notes]
under the

Euro 25,000,000,000

Debt Issuance Program

Hypo Real Estate Bank Aktiengesellschaft

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (Bearer Pfandbriefe) set forth in the Information Memorandum dated [*insert date*]. This Pricing Supplement must be read in conjunction with such Information Memorandum.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]

[If the Notes must be redeemed before the first anniversary of their date of issue the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. Type of Notes: [Mortgage Pfandbriefe]
[Public Sector Pfandbriefe]
2. [(i)] Series Number: []
[(ii)] Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)
3. Specified Currency or Currencies: []
4. Aggregate Principal Amount:
[(i)] Series: []
[(ii)] Tranche: []
5. [(i)] Issue Price: [] per cent. of the Aggregate Principal Amount [plus accrued interest from [*insert date*] (in the case of fungible issues only, if applicable)]
[(ii)] Net proceeds: [] (*Required only for listed issues*)
6. Specified Denomination(s): []
7. [(i)] Issue Date: []
[(ii)] Interest Commencement Date (if different from the Issue Date): []
8. Maturity Date: [*specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year*]
9. Interest Basis: [●% Fixed Rate]
[*specify reference rate*] +/- ●% Floating Rate]
[Zero Coupon]
[Index-Linked Interest]
[Other (*specify*)]
(further particulars specified below)

10. Redemption/Payment Basis: [Redemption at par]
[Index-Linked Redemption]
[Dual Currency]
[Partly Paid]
[Installment]
[Other (*specify*)]
11. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
12. Call Options: [Issuer Call] [(further particulars specified below)]
13. Listing: [Luxembourg/other (*specify*)/None]
14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate[(s)] of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [] in each year
- (iii) Fixed Coupon Amount[(s)]: [] per [] in Principal Amount
- (iv) Broken Amount(s): [*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]*]
- (v) Fixed Day Count Fraction: [30/360 or Actual/Actual (ISMA) or specify other] (*Note that if interest is not payable on a regular basis (for example, if there are Broken Amounts specified) Actual/Actual (ISMA) will not be a suitable Fixed Day Count Fraction*)
- (vi) Determination Date(s): [] in each year
[*Insert interest payment dates except where there are long or short periods. In these cases, insert regular interest payment dates*]
(NB: Only relevant where Day Count Fraction is Actual/Actual (ISMA))
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph. Also consider whether Euro BBA LIBOR or EURIBOR is the appropriate reference rate*)
- (i) Specified Period(s)/Specified Interest Payment Dates: []
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*other (give details)*]
- (iii) Additional Business Center(s): []
- (iv) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/*other (give details)*]

- (v) Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Issuing Agent): []
- (vi) Screen Rate Determination:
—Reference Rate: []
—Interest Determination Date(s): []
—Relevant Screen Page and time: []
- (vii) ISDA Determination:
—Floating Rate Option: []
—Designated Maturity: []
—Reset Date: []
- (viii) Margin(s): [+/-] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Floating Day Count Fraction: []
- (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
- 17. Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) [Amortization/Accrual] Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: []
- 18. Index-Linked Interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent responsible for calculating the rate and amount of interest due: []
- (iii) Provisions for determining the rate and amount of interest due where calculation by reference to Index and/or Formula is impossible or impracticable: []
- (iv) Specified Period(s)/Specified Interest Payment Date: []
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (vi) Additional Business Center(s): []
- (vii) Minimum Rate of Interest: [] per cent. per annum
- (viii) Maximum Rate of Interest: [] per cent. per annum
- (ix) Day Count Fraction: []
- 19. Dual Currency Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: []

- (iii) Provisions for determining the rate and amount of interest due where calculation by reference to Rate of Exchange is impossible or impracticable: []
- (iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

20. **Call Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): []
- (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: []
 - (b) Maximum Redemption Amount: []
- (iv) Notice period (if other than as set out in the Conditions): []

21. **Final Redemption Amount** [Par/other/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 22. Form of Notes: [TEFRA D Rules:
Temporary Global Note exchangeable for a Permanent Global Note.]
[TEFRA C Rules:
Permanent Global Note]
[Neither TEFRA D nor TEFRA C Rules:⁽¹⁾
Permanent Global Note]
- 23. Additional Financial Center(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details. Note that this item relates to the place of payment, and not interest period end dates, to which item 16(iii) relates*]
- 24. Details relating to Partly-Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]
- 25. Details relating to Installment Notes; Installment Amounts and Installment Dates: [Not Applicable/*give details*]
- 26. Redenomination, renominialization and reconventioning provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
- 27. Consolidation provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
- 28. Other terms or special conditions: [Not Applicable/*give details*]

DISTRIBUTION

- 29. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilizing Manager (if any): [Not Applicable/*give name*]
- 30. If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- 31. Additional selling restrictions: [Not Applicable/*give details*]

⁽¹⁾ Applicable only if Notes have an initial maturity of one year or less.

OPERATIONAL INFORMATION

32. ISIN Code: []
33. Common Code: []
34. WKN: []
35. Any Clearing System(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
36. Delivery: Delivery [against/free of] payment
37. Additional Paying Agent(s) (if any): []
38. Dealer's/Lead Manager's security account number: []

[LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the Euro 25,000,000,000 Debt Issuance Program of Hypo Real Estate Bank Aktiengesellschaft.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: _____
Duly authorized

Pricing Supplement (Registered Notes)

The Pricing Supplement relating to each issue of a Registered Note other than a Pfandbrief will contain such of the following information as is applicable in respect of such Note.

[Signing Date]

Hypo Real Estate Bank Aktiengesellschaft
[acting through its [Place of Branch] branch]
Issue of [Aggregate Principal Amount of Note][Title of Note]
under the

Euro 25,000,000,000
Debt Issuance Program
Hypo Real Estate Bank Aktiengesellschaft

This document constitutes the Pricing Supplement relating to the issue of a Note described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (Registered Notes) set forth in the Information Memorandum dated [insert date]. This Pricing Supplement must be read in conjunction with such Information Memorandum.

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]

[If the Notes must be redeemed before the first anniversary of their date of issue the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. Series Number: []
2. Specified Currency or Currencies: []
3. Aggregate Principal Amount: []
4. Issue Price: [] per cent. of the Aggregate Principal Amount
5. Specified Denominations: []
6. [(i)] Issue Date: []
[(ii)] Interest Commencement Date (if different from the Issue Date): []
7. Maturity Date: *[specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year]*
8. Interest Basis: [●% Fixed Rate]
[[specify reference rate] +/- ●% Floating Rate]
[Zero Coupon]
[Index-Linked Interest]
[Other (specify)]
(further particulars specified below)
9. Redemption/Payment Basis: [Redemption at par]
[Index-Linked Redemption]
[Dual Currency]
[Partly Paid]
[Installment]
[Other (specify)]
10. Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]*

11. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
12. Status of the Notes: [Senior/[Dated/Perpetual]/Subordinated]
13. Listing: None
14. Method of distribution: Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate(s) of Interest: [] per cent. per annum [payable
[annually/semi-annually/quarterly/monthly] in
arrear]
- (ii) Interest Payment Date(s): [] in each year
- (iii) Fixed Coupon Amount(s): [] per [] in Principal Amount
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken
interest amounts which do not correspond with
the Fixed Coupon Amount(s)]*
- (v) Fixed Day Count Fraction [30/360 or Actual/Actual (ISMA) or specify
other] *(Note that if interest is not payable on a
regular basis (for example, if there are Broken
Amounts specified) Actual/Actual (ISMA) will
not be a suitable Fixed Day Count Fraction)*
- (vi) Determination Date(s) [] in each year
*[Insert interest payment dates except where
there are long or short periods. In these cases,
insert regular interest payment dates]
(NB: Only relevant where Day Count Fraction
is Actual/Actual (ISMA))*
- (vii) Other terms relating to the method of calculating
interest for a Fixed Rate Note: [Not Applicable/give details]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
*(If not applicable, delete the remaining
subparagraphs of this paragraph. Also,
consider whether Euro BBA LIBOR or
EURIBOR is the appropriate reference rate)*
- (i) Specified Period(s)/Specified Interest Payment
Dates: []
- (ii) Business Day Convention: [Floating Rate Convention/Following
Business Day Convention/Modified Following
Business Day Convention/Preceding Business
Day Convention/other (give details)]
- (iii) Additional Business Center(s): []
- (iv) Manner in which the Rate(s) of Interest is/are
to be determined: [Screen Rate Determination/ISDA
Determination/other (give details)]
- (v) Calculation Agent responsible for calculating
the Rate(s) of Interest and Interest Amount(s)
(if not the Issuing Agent): []
- (vi) Screen Rate Determination:
—Reference Rate: []
—Interest Determination Date(s): []
—Relevant Screen Page and time: []

- (vii) ISDA Determination:
—Floating Rate Option: []
—Designated Maturity: []
—Reset Date: []
- (viii) Margin(s): [+/-] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Floating Day Count Fraction: []
- (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on a Floating Rate Note, if different from those set out in the Conditions: []
- 17. Zero Coupon Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) [Amortization/Accrual] Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: []
- 18. Index-Linked Interest Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent responsible for calculating the rate and amount of interest due: []
- (iii) Provisions for determining the rate and amount of interest due where calculation by reference to Index and/or Formula is impossible or impracticable: []
- (iv) Specified Period(s)/Specified Interest Payment Date: []
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ other (give details)]
- (vi) Additional Business Center(s): []
- (vii) Minimum Rate of Interest: [] per cent. per annum
- (viii) Maximum Rate of Interest: [] per cent. per annum
- (ix) Day Count Fraction: []
- 19. Dual Currency Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: []
- (iii) Provisions for determining the rate and amount of interest due where calculation by reference to Rate of Exchange is impossible or impracticable: []
- (iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

20. **Call Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): []
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: []
- (b) Maximum Redemption Amount: []
- (iv) Notice period (if other than as set out in the Conditions): []
21. **Put Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): []
- (iii) Notice period (if other than as set out in the Conditions): []
22. **Final Redemption Amount** [Par/other/see Appendix]
23. **Early Redemption Amount** []
Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Note: [Global Note] [Other (*specify*)]
25. Additional Financial Center(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details. Note that this item relates to the place of payment, and not interest period end dates, to which item 16(iii) relates*]
26. Details relating to a Partly-Paid Note: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]
27. Details relating to an Installment Note; Installment Amounts and Installment Dates: [Not Applicable/*give details*]
28. Redenomination, renominialization and reconventioning provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
29. Consolidation provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
30. Other terms or special conditions: [Not Applicable/*give details*]

DISTRIBUTION

31. Name of Dealer: [Not Applicable/*give name*]
32. Additional selling restrictions: [Not Applicable/*give details*]

OPERATIONAL INFORMATION

- 33. WKN: []
- 34. Delivery: Delivery [against/free of] payment
- 35. Additional Paying Agent(s) (if any): []

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: _____
Duly authorized

Pricing Supplement (Registered Pfandbriefe)

The Pricing Supplement relating to each issue of a Pfandbrief in registered form will contain such of the following information as is applicable in respect of such Note.

[Signing Date]

Hypo Real Estate Bank Aktiengesellschaft

Issue of [Aggregate Principal Amount of Note][Title of Note]
under the

Euro 25,000,000,000
Debt Issuance Program
Hypo Real Estate Bank Aktiengesellschaft

This document constitutes the Pricing Supplement relating to the issue of a Note described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (Registered Pfandbriefe) set forth in the Information Memorandum dated [*insert date*]. This Pricing Supplement must be read in conjunction with such Information Memorandum.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]

[If the Notes must be redeemed before the first anniversary of their date of issue the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. Type of Notes: [Mortgage Pfandbriefe]
[Public Sector Pfandbriefe]
2. Series Number: []
3. Specified Currency or Currencies: []
4. Aggregate Principal Amount: []
5. Issue Price: [] per cent. of the Aggregate Principal Amount
6. Specified Denominations: []
7. [(i)] Issue Date: []
[(ii)] Interest Commencement Date (if different from the Issue Date): []
8. Maturity Date: [*specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year*]
9. Interest Basis: [●% Fixed Rate]
[[*specify reference rate*] +/- ●% Floating Rate]
[Zero Coupon]
[Index-Linked Interest]
[Other (specify)]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Index-Linked Redemption]
[Dual Currency]
[Partly Paid]
[Installment]
[Other (*specify*)]
11. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]

12. Call Options: [Issuer Call]
[(further particulars specified below)]
13. Listing: None
14. Method of distribution: Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate[(s)] of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [] in each year
- (iii) Fixed Coupon Amount[(s)]: [] per [] in Principal Amount
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]]*
- (v) Fixed Day Count Fraction: [30/360 or Actual/Actual (ISMA) or specify other] *(Note that if interest is not payable on a regular basis (for example, if there are Broken Amounts specified) Actual/Actual (ISMA) will not be a suitable Fixed Day Count Fraction)*
- (vi) Determination Date(s): [] in each year
[Insert interest payment dates except where there are long or short periods. In these cases, insert regular interest payment dates]
(NB: Only relevant where Day Count Fraction is Actual/Actual (ISMA))
- (vii) Other terms relating to the method of calculating interest for a Fixed Rate Note: [Not Applicable/give details]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph. Also, consider whether Euro BBA LIBOR or EURIBOR is the appropriate reference rate)
- (i) Specified Period(s)/Specified Interest Payment Dates: []
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (iii) Additional Business Center(s): []
- (iv) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
- (v) Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Issuing Agent): []
- (vi) Screen Rate Determination:
—Reference Rate: []
—Interest Determination Date(s): []
—Relevant Screen Page and time: []
- (vii) ISDA Determination:
—Floating Rate Option: []
—Designated Maturity: []
—Reset Date: []

- (viii) Margin(s): [+/-] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Floating Day Count Fraction: []
- (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on a Floating Rate Note, if different from those set out in the Conditions: []
- 17. Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) [Amortization/Accrual] Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: []
- 18. Index-Linked Interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent responsible for calculating the rate and amount of interest due: []
- (iii) Provisions for determining the rate and amount of interest due where calculation by reference to Index and/or Formula is impossible or impracticable: []
- (iv) Specified Period(s)/Specified Interest Payment Date: []
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (vi) Additional Business Center(s): []
- (vii) Minimum Rate of Interest: [] per cent. per annum
- (viii) Maximum Rate of Interest: [] per cent. per annum
- (ix) Day Count Fraction: []
- 19. Dual Currency Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: []
- (iii) Provisions for determining the rate and amount of interest due where calculation by reference to Rate of Exchange is impossible or impracticable: []
- (iv) Person at whose option Specified Currency(ies) is/are payable: []
- PROVISIONS RELATING TO REDEMPTION**
- 20. Call Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): []

- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): []
- (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: []
 - (b) Maximum Redemption Amount: []
- (iv) Notice period (if other than as set out in the Conditions): []

21. **Final Redemption Amount** [Par/other/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 22. Form of Notes: [Global Note] [Other (*specify*)]
- 23. Additional Financial Center(s) or other special provisions relating to Payment Dates: [Not Applicable/give details. *Note that this item relates to the place of payment, and not interest period end dates, to which item 16(iii) relates*]
- 24. Details relating to a Partly-Paid Note: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
- 25. Details relating to an Installment Note; Installment Amounts and Installment Dates: [Not Applicable/give details]
- 26. Redenomination, renominialization and reconventioning provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
- 27. Consolidation provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
- 28. Other terms or special conditions: [Not Applicable/give details]

DISTRIBUTION

- 29. Name of Dealer: [Not Applicable/give name]
- 30. Additional selling restrictions: [Not Applicable/give details]

OPERATIONAL INFORMATION

- 31. WKN: []
- 32. Delivery: Delivery [against/free of] payment
- 33. Additional Paying Agent(s) (if any): []

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: _____
Duly authorized

TERMS AND CONDITIONS (BEARER NOTES)

The following are the Terms and Conditions (Bearer Notes) (the “Terms and Conditions”) which (subject to completion and amendment and together with any documents herein incorporated by reference or required to be attached hereto) will be physically attached to each Global Note (as defined below) and endorsed upon each Definitive Note (as defined below) (if any), in each case other than a Note denominated in Euro and to be deposited with Clearstream, Frankfurt. In relation to any Series (as defined below) of Notes (as defined below), the Terms and Conditions are supplemented and amended by the applicable Pricing Supplement (as defined below). The Pricing Supplement in relation to any Series of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with such Terms and Conditions, replace or modify such Terms and Conditions for the purpose of such Series of Notes. In lieu of modifying the Terms and Conditions by a Pricing Supplement, any Series of Notes in bearer form may be issued on alternative terms and conditions which will be physically attached to each Global Note and endorsed upon each Definitive Note (if any). Capitalized terms used in the Terms and Conditions but not defined herein shall, in relation to any Series of Notes, have the meaning specified opposite such term in the applicable Pricing Supplement. The Pricing Supplement in relation to any Series of Notes will be physically attached to each Global Note and an excerpt from the Pricing Supplement specifying the principal terms of the Notes will be endorsed upon each Definitive Note.

This Note is one of a Series of notes in bearer form (each a “Note” and together the “Notes”) which may be represented by one or more global notes (each a “Global Note”) (which expression shall mean any temporary global note (“Temporary Global Note”), any permanent global note (“Permanent Global Note”) or any collective global note (“Collective Global Note”)) or definitive notes (“Definitive Notes”). The expression “Note” shall mean (i) in relation to any Notes represented by a Global Note, units of the lowest Specified Denomination in the Specified Currency and (ii) Definitive Notes, issued in exchange for a Temporary Global Note and subject to an amended and restated Issuing and Paying Agency Agreement dated 15th April, 2004 (the “Agency Agreement”), as amended and/or supplemented from time to time, between Hypo Real Estate Bank Aktiengesellschaft (“Hypo Real Estate”) (acting through its head office or one of its foreign branches, if any) as issuer (the “Issuer”), Hypo Real Estate as issuing and principal paying agent for notes denominated in Euro and deposited with Clearstream Banking AG, and Citibank, N.A., London office, as issuing agent, principal paying agent and registrar (where applicable) for all other notes, including the Notes (the “Issuing Agent” and “Principal Paying Agent”, which expression shall include any successor agent), Banque Générale du Luxembourg S.A. and Hypo Real Estate as additional paying agents (together with the Principal Paying Agent, the “Paying Agents”, which expression shall include any additional or successor paying agents). The Issuing Agent shall also act as calculation agent (the “Calculation Agent”, which expression shall include any successor agent) (if any) unless otherwise specified in the Pricing Supplement. Any reference herein to “Notes” shall include (unless the context otherwise requires) Coupons (as defined below) and Talons (as defined below), if any, attached to Definitive Notes.

The Notes may be subject to (i) U.S. Treasury Regulation § 1.163-5(c)(2)(i)(C) (“TEFRA C Rules”) (“TEFRA C Notes”), (ii) U.S. Treasury Regulation § 1.163-5(c)(2)(i)(D) (“TEFRA D Rules”) (“TEFRA D Notes”) or (iii) neither the TEFRA C Rules nor the TEFRA D Rules, in each case as specified in the Pricing Supplement.

Interest bearing Definitive Notes and interest bearing Collective Global Notes (unless otherwise specified in the Pricing Supplement) have attached on issue interest coupons (“Coupons”, which expression shall, in the case of Collective Global Notes, include interest coupons in global form (“Collective Interest Coupons”)) and, if specified in the Pricing Supplement, talons for further Coupons (“Talons”). Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons.

As used herein, the term “Noteholder”, “Couponholder” and/or “Talonholder” means, in the case of Notes, Coupons and/or Talons deposited with any Clearing System (as specified in the Pricing Supplement) or other central securities depository, any holder of a proportionate co-ownership or other beneficial interest or right in such Notes, Coupons and/or Talons, and not deposited with any Clearing System or other central securities depository, in the case of Definitive Notes, the bearer of a Note, Coupon and/or Talon. The expression Couponholder shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, the term “Pricing Supplement” means the pricing supplement attached to the Temporary Global Note, the Permanent Global Note and one or more Collective Global Notes (if any) and, in respect of Definitive Notes, the pricing supplement, an excerpt of which specifying the principal terms of the Notes is endorsed on such Notes. Should the Pricing Supplement specify other terms and conditions inconsistent with these Terms and Conditions, the former shall replace or modify the latter to the extent specified in the Pricing Supplement. The Terms and Conditions as supplemented, amended, replaced or modified by the Pricing Supplement are hereinafter referred to as the “Conditions”.

As used herein, “Series” means each initial issue of Notes together with any further issues expressed to form a single series with the initial issue which are denominated in the same currency and which are identical in all respects (including whether or not the Notes are listed) (except for the Issue Date, the Interest Commencement Date (if different from the Issue Date) and/or the Issue Price (as specified in the Pricing Supplement)). As used herein, “Tranche” means all Notes of the same Series with the same Issue Date and Interest Commencement Date (if different from the Issue Date).

Copies of the Agency Agreement (which contains the form of Pricing Supplement (Bearer Notes)) and the Pricing Supplements applicable to each Series of Notes are available at the specified offices of the Issuing Agent and the other Paying Agents.

1. Form

The Notes are in bearer form, in the aggregate principal amount specified in the Pricing Supplement denominated in the Specified Currency and the Specified Denomination(s) and, in the case of Definitive Notes, serially numbered.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Indexed Note or a Dual Currency Note or a combination of any of the foregoing, depending upon the Interest/Payment Basis specified in the Pricing Supplement.

If the Notes are TEFRA C Notes, or neither TEFRA C Notes nor TEFRA D Notes (as specified in the applicable Pricing Supplement), the Notes are from the Issue Date represented by a Permanent Global Note or initially represented by a Temporary Global Note (as specified in the Pricing Supplement). Such Temporary Global Note shall as soon as practicable after the Issue Date, be exchanged (at the cost of the Issuer) (i) for Definitive Notes or (ii) in part for Definitive Notes and in the other part for one or more Collective Global Notes (as specified in the Pricing Supplement), in each case upon presentation of the Temporary Global Note at the offices of the Issuing Agent.

If the Notes are TEFRA D Notes (as specified in the applicable Pricing Supplement), the Notes are initially represented by a Temporary Global Note (as specified in the Pricing Supplement). Such Temporary Global Note shall, on or after the date which is 40 days after the Issue Date and subject to the requirements set forth in the terms of the Temporary Global Note be exchanged (at the cost of the Issuer) (i) for a Permanent Global Note or (ii) for Definitive Notes or (iii) in part for Definitive Notes and in the other part for one or more Collective Global Notes (as specified in the Pricing Supplement), in each case upon presentation of the Temporary Global Note at the offices of the Issuing Agent, but only upon certification as to non-U.S. beneficial ownership as set forth in the terms of the Temporary Global Note.

Each Temporary Global Note, Permanent Global Note, Collective Global Note, Definitive Note and Coupon (if any) bears the signatures of two authorized persons on behalf of the Issuer (which signatures may be facsimile signatures). Each Note shall also bear the handwritten or, in the case of Definitive Notes, facsimile signature of an authorized officer of the Issuing Agent. Each Definitive Note and each Coupon (if any) shall bear the embossed seal of the Issuer or an embossed facsimile thereof.

Any Global Note will be deposited with the Clearing System(s) specified in the Pricing Supplement or another central securities depository. Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of such Clearing System(s) or central securities depository.

2. Status of Notes

If the Notes are Senior Notes, as set forth in the Pricing Supplement, the Notes and Coupons (if any) constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank at least *pari passu* with the claims of all other unsecured creditors of it other than those claims which are expressly preferred under the law of its jurisdiction of incorporation or, in the case of Notes issued through a branch, the law of the jurisdiction where such branch is established, and other than claims arising from mortgage Pfandbriefe (*Hypothekendarlehen*) and public sector Pfandbriefe (*öffentliche Pfandbriefe*) issued by the Issuer.

If the Notes are Subordinated Notes, as set forth in the Pricing Supplement, the obligations under the Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other subordinated obligations of the Issuer. In the event of the dissolution or liquidation of, or insolvency proceedings against the Issuer, such obligations will be subordinated to the claims of all unsubordinated creditors of the Issuer so that in any event no amounts shall be payable under such obligations until the claims of all unsubordinated creditors of the Issuer shall have been satisfied in full. The claims of a Noteholder or Couponholder arising under the Notes may not be set off against any claims of the

Issuer. No security of whatever kind is, or shall at any time be, provided by the Issuer or any other person securing rights of the Noteholders or Couponholders arising under the Notes. No subsequent agreement may limit the subordination pursuant to the provisions set out in this Condition 2 or amend the Maturity Date in respect of the Notes to any earlier date or shorten any applicable notice period (*Kündigungsfrist*). If the Notes are redeemed before the Maturity Date otherwise than in the circumstances described in this Condition 2 or in Condition 8(b) or repurchased by the Issuer otherwise than in accordance with the provisions of § 10 subparagraph 5a sentence 6 of the German Banking Act (*Kreditwesengesetz*), then the amounts redeemed or paid must be returned to the Issuer irrespective of any agreement to the contrary unless the amounts paid have been replaced by other regulatory banking capital (*haftendes Eigenkapital*) of at least equal status within the meaning of the German Banking Act, or the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) has consented to such redemption or repurchase.

3. Interest

If the Notes are TEFRA D Notes, as specified in the Pricing Supplement, no principal or interest shall be paid on any portion of the Temporary Global Note prior to such portion being exchanged for an interest in a Permanent Global Note or a Definitive Note unless the Noteholder has provided an appropriate certificate as to non-U.S. beneficial ownership in accordance with the terms of the Temporary Global Note.

(a) Interest on Fixed Rate Notes

- (i) Each Fixed Rate Note bears interest from (and including) the Issue Date or, if different from the Issue Date, the Interest Commencement Date to (but excluding) the Maturity Date specified in the Pricing Supplement at the rate(s) per annum equal to the Rate(s) of Interest so specified payable on the Interest Payment Date(s) in each year and on the Maturity Date so specified if the Maturity Date does not fall on an Interest Payment Date. The first payment of interest will be made on the Interest Payment Date next following the Issue Date or, if different from the Issue Date, the Interest Commencement Date and, if the Interest Payment Date next following the Issue Date or, if different from the Issue Date, the Interest Commencement Date is not the first anniversary of the Issue Date or, if different from the Issue Date, the Interest Commencement Date, will amount to the initial Broken Amount specified in the Pricing Supplement. If the Maturity Date is not an Interest Payment Date, interest from and including the preceding Interest Payment Date (or the Issue Date or, if different from the Issue Date, the Interest Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the final Broken Amount specified in the Pricing Supplement.
- (ii) If interest is required to be calculated for a period of other than a full year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below), specified in the applicable Pricing Supplement.

“Day Count Fraction” means, in respect of the calculation of an amount of interest for any period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Calculation Period”):

- (A) if Actual/Actual (ISMA) is specified in the Pricing Supplement:
 - (1) in the case of Notes where the number of days in the relevant Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the Pricing Supplement) that would occur in one calendar year; or
 - (2) in the case of Notes where the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of:
 - (α) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the Pricing Supplement) that would occur in one calendar year, and
 - (β) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (B) if “30/360” is specified in the Pricing Supplement, the number of days in the relevant Calculation Period (such number of days being calculated on the basis of twelve 30-day months) divided by 360;

“Determination Period” means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

(b) Interest on Floating Rate Notes

(i) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Issue Date or, if different from the Issue Date, the Interest Commencement Date to (but excluding) the first Interest Payment Date (as defined below) and thereafter from (and including) each Interest Payment Date to (but excluding) the next following Interest Payment Date. Floating Rate Notes cease to bear interest on the Maturity Date. Interest will be payable on each Interest Payment Date. “Interest Payment Date” means (A) if Specified Interest Payment Dates are specified in the Pricing Supplement, each such Specified Interest Payment Date or (B) if Specified Periods are specified in the Pricing Supplement, each date which (except as otherwise specified in these Terms and Conditions or the Pricing Supplement) falls the number of months or other period(s) specified as the Specified Period in the Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Issue Date or, if different from the Issue Date, the Interest Commencement Date. Unless otherwise specified in the Pricing Supplement, if any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined in Condition 5(c)) and a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business in the Additional Business Center(s) specified in the Pricing Supplement, the Interest Payment Date shall be determined as set forth below, in accordance with the Business Day Convention specified in the Pricing Supplement.

- (A) If Modified Following Business Day Convention is specified in the Pricing Supplement, the Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event the payment date shall be the immediately preceding Business Day.
- (B) If Floating Rate Convention is specified in the Pricing Supplement, the Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) the payment date shall be the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the number of months or other periods specified in the Pricing Supplement after the preceding applicable payment date.
- (C) If Following Business Day Convention is specified in the Pricing Supplement, the Interest Payment Date shall be postponed to the next day which is a Business Day.
- (D) If Preceding Business Day Convention is specified in the Pricing Supplement, the Interest Payment Date shall be the immediately preceding Business Day.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the Pricing Supplement.

(iii) ISDA Determination

Where so specified in the Pricing Supplement, interest will be payable on such dates and in such amounts as would have been payable by the relevant Issuer if it had entered into an interest rate swap transaction governed by an agreement in the form of the ISDA Master Agreement (an “ISDA Agreement”) published by the International Swaps and Derivatives Association Inc. (“ISDA”) and evidenced by a Confirmation (as defined in the ISDA Agreement) incorporating the 2000 ISDA Definitions (the “ISDA Definitions”), or any amended and supplemented set of ISDA Definitions, published by ISDA and both as physically attached to the Note with the holder of the relevant Note under which:

- (A) the Issuer was the Floating Rate Payer;
- (B) the Issuing Agent was the Calculation Agent;
- (C) the Issue Date or, if different from the Issue Date, the Interest Commencement Date was the Effective Date;
- (D) the aggregate principal amount of the Notes of the Series of which such Note is a part was the Notional Amount;

- (E) the Interest Payment Dates were the Floating Rate Payer Payment Dates; and
- (F) all other terms were as specified in the Pricing Supplement.

When the preceding sentence applies, in respect of each Interest Payment Date:

- (1) the amount of interest determined for such Interest Payment Date will be the Interest Amount for the Specified Period ending on such Interest Payment Date for the purposes of these Terms and Conditions as though determined under subparagraph (vi) below;
- (2) the Rate of Interest for such Specified Period will be the Floating Rate (as defined in the ISDA Definitions) determined by the Calculation Agent in accordance with the preceding sentence; and
- (3) the Calculation Agent will be deemed to have discharged its obligations under subparagraph (vi) below if it has determined the Rate of Interest and Interest Amount payable on such Interest Payment Date in the manner provided in the preceding sentence.

(iv) Screen Rate Determination

Where so specified in the Pricing Supplement, the Rate of Interest for each Specified Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded, if necessary, to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards, if EURIBOR has been specified as Reference Rate in the Pricing Supplement, or, if the specified Reference Rate is not EURIBOR, to the nearest one hundred thousandth of a percentage point, with 0.000005 being rounded upwards) of the offered quotations (expressed as a percentage rate per annum)

for deposits in the Specified Currency for such Specified Period which appears or appear, as the case may be, on the Relevant Screen Page (as specified in the Pricing Supplement) as at 11:00 a.m. (if the Specified Currency is Euro, Brussels time, or, if the Specified Currency is not Euro, London time, or such other time as specified in the Pricing Supplement) on the Interest Determination Date in question plus or minus the Margin (if any) (as specified in the Pricing Supplement), all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest rate, one only of such rates) and the lowest (or, if there is more than one such lowest rate, one only of such rates) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations and this rule shall apply *mutatis mutandis* throughout this subparagraph.

If the Relevant Screen Page is not available or if, in the case of (A) above, no such quotation appears or, in the case of (B) above, fewer than three of such offered quotations appear, in each case as at such time, the Calculation Agent shall request, if the Specified Currency is Euro, the principal Euro zone office or, if the Specified Currency is not Euro, the principal London office (or the principal office at such other place as specified in the Pricing Supplement) of each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for such Specified Period to leading banks in the, if the Specified Currency is Euro, Euro zone inter-bank market or, if the Specified Currency is not Euro, London inter-bank market (or the inter-bank market in such other financial center as specified in the applicable Pricing Supplement) at approximately 11:00 a.m. (if the Specified Currency is Euro, Brussels time, or, if the Specified Currency is not Euro, London time, or such other time as specified in the Pricing Supplement) on the Interest Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Specified Period shall be the arithmetic mean (rounded, if necessary, to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards, if EURIBOR has been specified as Reference Rate in the Pricing Supplement, or, if the specified Reference Rate is not EURIBOR, to the nearest one hundred thousandth of a percentage point, with 0.000005 being rounded upwards) of such offered quotation plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provide the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the Specified Period in question shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded, if necessary, to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards, if EURIBOR has been specified as Reference Rate in the Pricing Supplement, or, if the specified Reference Rate is not EURIBOR, to the nearest one hundred thousandth of a percentage point, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks

or any two or more of them, at which such banks were offered, at approximately 11:00 a.m. (if the Specified Currency is Euro, Brussels time, or, if the Specified Currency is not Euro, London time, or such other time as specified in the Pricing Supplement) on such Interest Determination Date, deposits in the Specified Currency for such Specified Period by leading banks in the, if the Specified Currency is Euro, Euro zone inter-bank market or, if the Specified Currency is not Euro, London inter-bank market (or the inter-bank market in such other financial center as specified in the Pricing Supplement) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for such Specified Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for such Specified Period, at which, on such Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent and the Issuer suitable for such purpose) informs the Calculation Agent that it is quoting to leading banks in the, if the Specified Currency is Euro, Euro zone inter-bank market or, if the Specified Currency is not Euro, the London inter-bank market (or the inter-bank market in such other financial center as specified in the Pricing Supplement) (or, as the case may be, the quotations of such bank or banks to the Calculation Agent) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last day preceding the Interest Determination Date on which such quotations were offered plus or minus (as appropriate) the Margin (if any) (though substituting, where a different Margin is to be applied to such Specified Period from that which applied to the last preceding Specified Period, the Margin relating to such Specified Period in place of the Margin relating to the last preceding Specified Period).

In this Condition 3, the expression “Reference Banks” means, in the case of (A) above, those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and, in the case of (B) above, those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified as being other than, if the Specified Currency is Euro, the Euro zone inter-bank offered rate or, if the Specified Currency is not Euro, the London inter-bank offered rate (or the inter-bank offered rate in such other financial center as specified in the applicable Pricing Supplement), the Rate of Interest in respect of such Notes will be determined as provided in the Pricing Supplement.

(v) Minimum and/or Maximum Rate of Interest

If the Pricing Supplement specifies a minimum Rate of Interest for any Specified Period then, in the event that the Rate of Interest in respect of such Specified Period determined in accordance with the above provisions is less than the minimum Rate of Interest, the Rate of Interest for such Specified Period shall be the minimum Rate of Interest. If the Pricing Supplement specifies a maximum Rate of Interest for any Specified Period then, in the event that the Rate of Interest in respect of such Specified Period determined in accordance with the above provisions is greater than the maximum Rate of Interest, the Rate of Interest for such Specified Period shall be the maximum Rate of Interest.

(vi) Determination of Rate of Interest and Calculation of Interest Amount

The Calculation Agent will, on or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest and calculate the amount of interest (the “Interest Amount”) payable on the Floating Rate Notes in respect of each Specified Denomination for the Specified Period in question. Each Interest Amount shall be calculated by applying the Rate of Interest and the Day Count Fraction to each Specified Denomination, and rounding the resultant figure, if the Specified Currency is a currency other than Euro, to the nearest sub-unit of the Specified Currency, one half of any such sub-unit being rounded upwards, and if the Specified Currency is Euro, to the nearest 0.01 Euro, 0.005 Euro being rounded upwards.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Floating Rate Note for any period other than a full year from and including the most recent Interest Payment Date (or, if none, the Issue Date, or if different from the Issue Date, the Interest Commencement Date) to but excluding the relevant payment date (the “Calculation Period”):

- (A) if “Actual/365” or “Actual/Actual” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (B) if “Actual/365 (Fixed)” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (C) if “Actual/365 (Sterling)” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (D) if “Actual/360” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (E) if “30/360”, “360/360” or “Bond Basis” is specified in the Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (1) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (2) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (F) if “30E/360” or “Eurobond Basis” is specified in the Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

(vii) Notification of Rate of Interest and Interest Amount

The Calculation Agent will cause the Rate of Interest, each Interest Amount in respect of each Specified Denomination for each Specified Period, each Specified Period, and the relating Interest Payment Date to be notified to the Issuer and, if required by the rules of any stock exchange on which the Floating Rate Notes are from time to time listed, to such stock exchange, and to be notified to the Noteholders in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth Business Day (as defined below) in London or such other financial center as specified in the applicable Pricing Supplement. In respect of Notes listed on the Luxembourg Stock Exchange, such notification shall be made to the Luxembourg Stock Exchange on the first day of each Specified Period or each other period for which interest is required to be calculated. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Specified Period. Any such amendment will be promptly notified to any stock exchange on which the Floating Rate Notes are for the time being listed, if required, and to the Noteholders in accordance with Condition 13.

(viii) Determinations to be Final

All determinations made for the purpose of the provisions of this paragraph (b) by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Issuing Agent, the other Paying Agents and all Noteholders and Couponholders.

(c) Index-linked Interest Notes and Dual Currency Notes

In the case of Index-linked Interest Notes or Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to an Index and/or a Formula or, as the case may be, a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the Pricing Supplement. Subparagraphs (b)(i), (v), (vi), (vii) and (viii) shall apply *mutatis mutandis*.

(d) Partly-Paid Notes

In the case of Partly-Paid Notes, interest will accrue as aforesaid on the paid-up principal amount of such Notes and otherwise as specified in the Pricing Supplement.

(e) Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for such redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue beyond the due date until the actual redemption of the Note (or the respective part thereof) but not beyond the beginning of the

fourteenth day after a notice has been given by the Issuing Agent in accordance with Condition 13 to the effect that the necessary funds for redemption have been provided to the Issuing Agent. The rate of interest shall in such case be the general rate of interest provided for the Note as specified in the Pricing Supplement.

4. Redemption and Purchase

(a) At Maturity

Unless the Notes are Perpetual Notes, as set forth in the Pricing Supplement, and unless previously redeemed in whole or in part or purchased and canceled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the Pricing Supplement in the Specified Currency on the Maturity Date specified in the Pricing Supplement (in the case of a Note other than a Floating Rate Note) or on the Interest Payment Date falling in the Redemption Month specified in the Pricing Supplement (in the case of a Floating Rate Note).

(b) Pricing Supplement

The Pricing Supplement in relation to any Series of Notes will specify either:

- (i) that the Notes cannot be redeemed prior to their Maturity Date or, if the Notes are Floating Rate Notes, the Interest Payment Date falling in the Redemption Month (in each case except as otherwise provided in Condition 8(b) and, unless the Notes are Subordinated Notes, as specified in the Pricing Supplement, Condition 9); or
- (ii) that the Notes will be redeemable at the option of the Issuer and/or the Noteholders prior to the Maturity Date or, as the case may be, the Interest Payment Date falling in the Redemption Month in accordance with the provisions of paragraphs (c) and/or (d) below on the date or dates and at the amount or amounts specified in the Pricing Supplement, provided, however, that, if the Notes are Subordinated Notes, as specified in the Pricing Supplement, the Notes may not, except as provided in Condition 8(b), be redeemed prior to the Maturity Date.

(c) Redemption at the Option of the Issuer

If so specified in the Pricing Supplement, the Issuer may, having (unless otherwise specified in the Pricing Supplement) given not more than 60 nor less than 30 days' notice to the Issuing Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) at the Optional Redemption Amount) specified in, or determined in the manner specified in, the Pricing Supplement together, if appropriate, with accrued interest. In the event of a redemption of some only of the Notes, such redemption must be of a principal amount being not lower than the Minimum Redemption Amount and not higher than the Maximum Redemption Amount, both as specified in the Pricing Supplement. In the case of a partial redemption of Definitive Notes, the Notes to be repaid will be selected individually by lot not more than 15 days prior to the date fixed for redemption and a list of the Notes called for redemption will be notified in accordance with Condition 13 not less than 10 days prior to such date. In the case of a partial redemption of Notes which are represented by a Global Note, the Notes will be selected in accordance with the rules of the relevant Clearing System(s). The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Noteholder of its option (if any) to require the redemption of such Note under paragraph (d) of this Condition 4.

(d) Redemption at the Option of the Noteholders

If and to the extent specified in the Pricing Supplement, upon a Noteholder giving to the Issuer in accordance with Condition 13(b) not more than 60 days' and not less than 30 days' notice (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem subject to, and in accordance with, the terms specified in the Pricing Supplement all Notes, as to which Noteholders have given such notice (and which have been lodged with the Issuing Agent as provided in Condition 13(b), on the Optional Redemption Date at the Optional Redemption Amount specified in, or determined in the manner specified in, the Pricing Supplement together, if appropriate, with accrued interest. The Noteholder may not exercise such option in respect of any Note which is the subject of the prior exercise by the Issuer of its option (if any) to redeem such Note under paragraph (c) of this Condition 4.

(e) Early Redemption Amounts

For the purposes of Conditions 8(b) and 9, the Notes will be redeemed at an amount (the “Early Redemption Amount”) calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the Pricing Supplement or, if no such amount or manner is specified in the Pricing Supplement, at their principal amount; or
- (iii) in the case of Zero Coupon Notes, at an amount equal to either:
 - (A) the sum of
 - (1) the Reference Price specified in the Pricing Supplement; and
 - (2) the product of the Amortization or Accrual Yield specified in the Pricing Supplement (compounded annually), being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable; or
 - (B) such other amount as specified in the Pricing Supplement.

Where such calculation is to be made for a period of less than a full year, it shall be made on the basis of the provisions set forth in Condition 3(b)(vi) (in the case of Floating Rate Notes) or Condition 3(a)(ii) (in the case of other Notes), or as otherwise specified in the Pricing Supplement.

(f) Installments

If the Notes are repayable in installments, they will be redeemed in the Installment Amounts and on the Installment Dates specified in the Pricing Supplement.

(g) Purchases

The Issuer or any of its affiliates may at any time purchase Notes in the market or otherwise (provided that, in the case of Definitive Notes, all unmatured Coupons appertaining thereto are surrendered therewith). If the Notes are Subordinated Notes, such purchase is subject to Condition 2. Notes purchased by the Issuer as aforesaid may, at the option of the Issuer, be held, resold or surrendered for cancellation.

(h) Cancellation

All Notes redeemed in full upon their becoming due and payable will be canceled forthwith (together with all unmatured Coupons surrendered therewith or attached thereto) and may not be reissued or resold.

(i) Late Payment on Zero Coupon Notes

Should the Issuer fail to pay upon presentation of any Zero Coupon Note the amount due, interest at the rate of the Amortization or Accrual Yield specified in the Pricing Supplement shall accrue from the due date until the actual redemption of such Zero Coupon Note, but not beyond the beginning of the fourteenth day after a notice has been given by the Issuing Agent in accordance with Condition 13 to the effect that the necessary funds for redemption have been provided to the Issuing Agent.

5. Payments

(a) Method of Payment

Subject as provided below:

- (i) payments of amounts due in respect of Notes denominated in a currency other than Euro will be made by transfer to an account in the Specified Currency (which expression shall mean the freely negotiable and convertible currency which on the respective due date is the legal tender in the country of the Specified Currency) maintained by the payee with, or by a cheque in the Specified Currency drawn on, a bank in the principal financial center of the country of the Specified Currency; and

- (ii) payments of amounts due in respect of Notes denominated in Euro will be made in Euro by transfer to a Euro account maintained by the payee with, or by a Euro cheque drawn on, a bank in a principal financial center of a country which on the due date for payment is a participating member state of the European Monetary Union; and
- (iii) no payment of any amount due in respect of any Note shall be made at any office or agency in the United States, and no check in payment thereof shall be mailed to an address in the United States, nor shall any such payment be made by transfer to an account maintained by the payee with a bank in the United States. Notwithstanding the foregoing, such payments may be made at an office or agency located in the United States if such payments are to be made in U.S. dollars and if payment of the full amount so payable at each office of the Issuing Agent and each Paying Agent outside the United States appointed and maintained by the Issuer pursuant to the Agency Agreement is illegal or effectively precluded because of the imposition of exchange controls or other similar restrictions on the full payment or receipt of such amounts in U.S. dollars, and provided further, such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer; and
- (iv) payments will be subject in all cases to applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8.

(b) *Presentation of Notes, Coupons and Talons*

Payments of principal in respect of Definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above against surrender of Definitive Notes and payments of interest in respect of Definitive Notes will (subject as provided below) be made as aforesaid against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States. Definitive Notes and Collective Notes redeemable in Installment Amounts will be stamped or otherwise invalidated by a Paying Agent upon each payment of an Installment Amount.

Fixed Rate Notes in definitive form (other than Dual Currency Notes or Indexed Notes) shall be presented for payment together with all unmatured Coupons appertaining thereto failing which the amount of any missing unmatured Coupon will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the missing Coupon at any time before the end of the presentation period (as defined in Condition 12, sentence 2). The foregoing provisions of this paragraph notwithstanding, if Fixed Rate Notes have a Maturity Date such that, on the presentation for payment of any such Fixed Rate Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required by the foregoing provisions to be deducted would be greater than the amount otherwise due for payment, then upon the due date for redemption of any such Note such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon the application of the foregoing provisions of this paragraph the amounts required to be deducted will not be greater than the amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons to become void, the Issuing Agent shall determine which unmatured Coupons are to become void and shall select for such purpose Coupons maturing on early dates in preference to Coupons maturing on later dates.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all Talons (if any) appertaining thereto (whether or not attached) will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Note redeemable in Installment Amounts or Indexed Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) appertaining thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any Definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from and including the preceding Interest Payment Date or, as the case may be, the Issue Date or, if different from the Issue Date, the Interest Commencement Date shall be payable only against surrender of the Definitive Note.

Payment of principal and interest (if any) in respect of Notes represented by a Global Note will (subject as provided below) be made to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System and otherwise in the manner specified in such Global Note. Payment of principal in full shall be made, against surrender, payment of principal in part or interest against presentation of such Global Note at the specified office of the Issuing Agent.

In the case of any Notes held through a Clearing System, the Issuer will be discharged by payment to, or to the order of, such Clearing System in respect of each amount so paid. Each of the persons shown in the records of such Clearing System as the holder of a particular principal amount of Notes must look solely to the Clearing System for its share of each payment so made by the Issuer.

The Issuer may deposit with the local court (*Amtsgericht*) in Munich principal and interest not claimed by Noteholders or Couponholders within twelve months after the Relevant Date (as defined in Condition 8). To the extent the right to withdraw such deposits is waived, the claims of the Noteholders against the Issuer shall cease.

(c) Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not (i) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign currencies) in the place of presentation; and (ii) a Business Day (as defined below), then the holder thereof shall not be entitled to payment until the next such day in such place and shall not be entitled to further interest or other payment in respect of such delay.

“Business Day” means (unless otherwise specified in the Pricing Supplement) a day which is:

- (A) in relation to Notes denominated in a currency other than Euro a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in London and settle payments in the principal financial center of the country of the Specified Currency and such Additional Financial Center(s) (if any), as specified in the Pricing Supplement; and
- (B) in relation to Notes denominated in Euro, a day on which all relevant parts of the Trans-European Automated Real-time Gross settlement Express Transfer system (“TARGET”) are operational to effect the relevant payment and, if so specified in the Pricing Supplement, a day on which commercial banks and foreign exchange markets are open for business and settle payments in such Additional Financial Center(s) as specified in the Pricing Supplement.

(d) Interpretation of Principal and Interest

Any reference in these Terms and Conditions to “principal” or the “principal amount” of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable under Condition 8 in relation to a deduction or withholding referred to therein in respect of a payment of principal;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in installments, the Installment Amounts; and
- (vi) any premium and other amounts which may be payable under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, if applicable, any additional amounts which may be payable under Condition 8 in relation to a deduction or withholding referred to therein in respect of a payment of interest.

6. Issuing Agent, Paying Agents and Calculation Agent

The names of the initial Issuing Agent and Principal Paying Agent, the other initial Paying Agents and the initial Calculation Agent (if any, and provided that it is different from the Issuing Agent) and their initial specified offices are set out on the relevant Note.

The Issuer is entitled to vary or terminate the appointment of any Issuing Agent, Paying Agent or Calculation Agent (if any, and provided that it is different from the Issuing Agent) and/or appoint another Issuing Agent, additional or other Paying Agents or another Calculation Agent and/or approve any change in the specified office through which any Issuing Agent, Paying Agent or Calculation Agent (if any) acts, provided that:

- (i) so long as Notes are listed on the Luxembourg Stock Exchange, there will at all times be a Paying Agent with a specified office in Luxembourg;
- (ii) so long as Notes are listed on any further stock exchange, there will at all times be a Paying Agent with a specified office at the location of the exchange or such other location as may be required by the rules of such stock exchange;

- (iii) so long as Definitive Notes and Coupons are outstanding there will at all times be a Paying Agent with a specified office in a city in continental Europe;
- (iv) there will at all times be an Issuing Agent;
- (v) to the extent that a Calculation Agent is required to be appointed, there will at all times be a Calculation Agent; and
- (vi) the Issuer ensures that it maintains a Paying Agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the European Union directive on taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or law to the extent possible.

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13 provided that no such variation, termination, appointment or change shall take effect (except in the case of insolvency) within 15 days before or after any Interest Payment Date.

The Issuing Agent, the Paying Agents and the Calculation Agent (if any) act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Noteholder.

7. Exchange of Talons

On and after the Interest Payment Date, on which the final Coupon comprised in any Coupon sheet matures, but not later than the expiration date of the presentation period for the Coupons which may be exchanged for the respective Talons, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Issuing Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to, and including, the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 12. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the related Coupon sheet matures.

8. Taxation

- (a) Principal and interest in respect of the Notes or Coupons shall be payable without deduction or withholding for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever imposed, levied or collected by or in the Federal Republic of Germany, or, if the Notes are issued through a branch, the jurisdiction where such branch is established, or by or on behalf of any political subdivision or authority thereof or therein having power to tax ("Withholding Taxes"), unless such deduction or withholding is required by law. In such event, the issuer shall pay such additional amounts of principal and interest as may be necessary in order that the net amounts received by the Noteholders or the Couponholders after such deduction or withholding shall equal the respective amounts of principal and interest which would have been receivable had no such deduction or withholding been required. No such additional amounts shall, however, be payable on account of any taxes, duties or governmental charges which:
 - (i) are payable otherwise than by deduction or withholding from payments of principal or interest; or
 - (ii) are payable by reason of the Noteholder or the Couponholder having, or having had, some personal or business connection with the Federal Republic of Germany or, if the Notes are issued through a branch, the jurisdiction where such branch is established and not merely by reason of the fact that payments in respect of the Notes or Coupons are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of Germany; or
 - (iii) are payable by reason of a change in law that becomes effective more than 30 days after the payment of principal or interest becomes due or is duly provided for and notice thereof is published in accordance with Condition 13 (the "Relevant Date"), whichever occurs later; or
 - (iv) are deducted or withheld by a Paying Agent from a payment if the payment could have been made by another Paying Agent without such deduction or withholding; or
 - (v) would not be payable if the Notes had been kept in safe custody, and the payments had been collected, by a banking institution; or

- (vi) are deducted or withheld from a payment to an individual if such deduction or withholding is required to be made pursuant to the European Union Directive on taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or law; or
 - (vii) would not be payable if the Noteholder or the Couponholder makes a declaration of non-residence or other similar claim for exemption to the relevant tax authorities or complies with any reasonable certification documentation, information or other reporting requirement.
- (b) If, as a result of any change in, or amendment to, the laws or regulations prevailing in the Federal Republic of Germany or, if the Notes are issued through a branch, the jurisdiction where such branch is established, or any political subdivision or taxing authority thereof or therein affecting taxation or the obligation to pay duties of any kind, or as a result of any change in, or amendments to, the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the fifth day prior to the Issue Date of the Notes or, if the Notes comprise more than one Tranche, the Issue Date of the first Tranche, Withholding Taxes are or will be leviable on payments of principal or interest in respect of the Notes, which cannot be avoided and, by reason of the obligation to pay additional amounts on the next succeeding Interest Payment Date (in the case of Notes other than Zero Coupon Notes) or at maturity or upon the sale or exchange of any Notes (in the case of Zero Coupon Notes) as provided in paragraph (a) or otherwise, such Withholding Taxes are to be borne by the Issuer, the Issuer may redeem the Notes in whole, but not in part, at any time, or, if the Notes are Floating Rate Notes, on any Interest Payment Date, on giving not less than 30 days' notice, at their Early Redemption Amount (Condition 4(e)), together with interest accrued to (but excluding) the date fixed for redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to withhold or pay Withholding Taxes were a payment in respect of the Notes or Coupons then made.
- (c) Any such notice shall be given in accordance with Condition 13. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.

9. Events of Default

- (a) Unless the Notes are Subordinated Notes, as specified in the Pricing Supplement, each Noteholder shall be entitled to declare its Notes due and demand immediate redemption thereof at the Early Redemption Amount (Condition 4(e)) in the event that:
- (i) there is failure to pay any amount due under the Notes within 30 days from the due date; or
 - (ii) there is failure by the Issuer to perform any of its other obligations under the Notes and such failure shall continue for more than 45 days after written notice thereof has been delivered to the Issuer by any of the Noteholders; or
 - (iii) the Issuer suspends its payments generally; or
 - (iv) insolvency proceedings or composition proceedings to avert insolvency or similar proceedings are instituted against the Issuer's assets by a court in the Federal Republic of Germany or, if the Notes are issued through a branch, the jurisdiction where such branch is established, or the Issuer applies for institution of any one of these proceedings concerning its assets, or the Issuer offers an out-of-court settlement to avert insolvency, composition or similar proceedings; or
 - (v) the Issuer goes into liquidation, except if the Issuer merges with another company or is otherwise reorganized and such other or reorganized company assumes the obligations of the Issuer under the Notes and the Coupons.

The right to declare Notes due shall terminate if the event giving rise to such rights has been cured before the right is exercised.

- (b) A Noteholder shall exercise its right to declare its Notes due in accordance with paragraph (a) above by delivering or sending by registered mail to the relevant Issuer written notice as well as evidence of ownership. The Notes shall become due upon receipt of such notice by the relevant Issuer.
- (c) If the Notes are Subordinated Notes, as specified in the Pricing Supplement, no Noteholder shall be entitled to declare its Notes due or demand early redemption thereof for any reason.

10. Substitution of the Issuer

(a) The Issuer may, without the consent of the Noteholders, if no payment of principal of or interest on any of the Notes is in default, at any time substitute for the Issuer any Affiliate (as defined below) of the Issuer as principal debtor in respect of all obligations arising from or in connection with the Notes (the “Substituted Debtor”) provided that:

- (i) the Substituted Debtor assumes all obligations of the Issuer in respect of the Notes;
- (ii) the Issuer and the Substituted Debtor have obtained all necessary authorizations and may transfer to the Issuing Agent in the currency required hereunder and without being obligated to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the Substituted Debtor or the Issuer has its domicile or tax residence, all amounts required for the fulfillment of the payment obligations arising under the Notes;
- (iii) the Substituted Debtor has agreed to indemnify and hold harmless each Noteholder against any tax, duty, assessment or governmental charge imposed on such Noteholder in respect of such substitution;
- (iv) unless the Notes are Subordinated Notes, the Issuer has irrevocably and unconditionally guaranteed in favor of each Noteholder the payment of all sums payable by the Substituted Debtor in respect of the Notes on terms which ensure that each Noteholder will be put in an economic position that is at least as favorable as that which would have existed had the substitution not taken place;
- (v) if the Notes are Subordinated Notes, the obligations assumed by the Substituted Debtor in respect of the Notes are subordinated on terms identical to the terms of the Notes and (A) the Substituted Debtor is a subsidiary (*Tochterunternehmen*) of the Issuer within the meaning of §§ 1 subparagraph 7 and 10 subparagraph 5a sentence 11 of the German Banking Act (*Kreditwesengesetz*), (B) the Substituted Debtor deposits an amount which is equal to the aggregate principal amount of the Notes with the Issuer on terms equivalent, including in respect of subordination, to the terms and conditions of the Notes, and (C) the Issuer has irrevocably and unconditionally guaranteed in favor of each Noteholder the payment of all sums payable by the Substituted Debtor in respect of the Notes on terms which ensure that each Noteholder will be put in an economic position that is at least as favorable as that which would have existed had the substitution not taken place;
- (vi) there shall have been delivered to the Issuing Agent an opinion or opinions of lawyers of recognized standing to the effect that subparagraphs (i), (ii), (iii) and (iv) above have been satisfied.

For purposes of this Condition 10, “Affiliate” shall mean any affiliated company (*verbundenes Unternehmen*) within the meaning of § 15 of the German Stock Corporation Act (*Aktiengesetz*).

(b) Any such substitution shall be notified in accordance with Condition 13.

(c) In the event of such substitution, any reference in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the Substituted Debtor, and any reference to the country in which the Issuer is organized, domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of organization domicile or residence of the Substituted Debtor.

11. Replacement of Notes, Coupons and Talons

Replacement of lost, destroyed or mutilated Notes may be made in accordance with the requirements of German law.

The right pursuant to § 804 subparagraph 1 sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) in respect of lost or destroyed Coupons is excluded (§ 804 subparagraph 2 of the German Civil Code (*Bürgerliches Gesetzbuch*)).

The rights of any Noteholder pursuant to § 805 of the German Civil Code (*Bürgerliches Gesetzbuch*) are excluded. Furthermore, no claim in respect of lost or destroyed Talons exists.

12. Presentation Period

The presentation period provided in § 801 subparagraph 1 sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to ten years for the Notes. The presentation period for the Coupons shall, in accordance with § 801 subparagraph 2 of the German Civil Code (*Bürgerliches Gesetzbuch*), be four years, beginning with the end of the calendar year in which the Coupon falls due.

13. Notices

(a) All notices concerning the Notes shall be given in accordance with legal requirements. In respect of any Global Note, this shall include the giving of notice to the relevant Clearing System. In respect of Notes in definitive or global form listed on the Luxembourg Stock Exchange this shall include publication in the "*Luxemburger Wort*" or in another leading newspaper with general circulation in Luxembourg. In respect of Notes listed on any other stock exchange and if the rules of such exchange so require, this shall include publication in accordance with the requirements of such stock exchange.

(b) Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the Note or Notes to which the notice relates, with the Issuing Agent.

14. Further Issues

Unless otherwise specified in the Pricing Supplement, the Issuer reserves the right from time to time without the consent of the Noteholders or Couponholders to issue additional notes with identical terms, so that the same shall be consolidated and form a single series with the Series comprising the Notes. The term "Notes" shall, in the event of such increase, also comprise all additionally issued notes.

15. Applicable Law, Place of Performance, Place of Jurisdiction and Enforcement

(a) The Notes, as to form and content, and all rights and duties of the Noteholders or the Couponholders, the Issuer, the Issuing Agent, the other Paying Agents and the Calculation Agent shall in all respects be determined in accordance with the law of the Federal Republic of Germany.

(b) The place of performance shall be Munich.

(c) The place of jurisdiction for all proceedings arising out of or in connection with the Notes shall be Munich. The Noteholders and the Couponholders, however, may also pursue their claims before any other courts having jurisdiction over the Issuer. The German courts shall have exclusive jurisdiction over the annulment of lost or destroyed Notes. The Issuer hereby submits to the jurisdiction of the courts referred to in this subparagraph.

(d) The Noteholder with respect to any Notes held through a Clearing System may in any proceedings against the Issuer, or to which such Noteholder and the Issuer are parties, protect and enforce in his own name his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Noteholder maintains a securities account in respect of the Notes (A) stating the full name and address of the Noteholder, (B) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (C) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (A) and (B), and (ii) a copy of the Note in global or definitive form certified as being a true copy by a duly authorized officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the Global Note or Definitive Note. For purposes of the foregoing, "Custodian" means any bank or other financial institution of recognized standing authorized to engage in securities custody business with which the Noteholder maintains a securities account in respect of the Notes and includes the Clearing System.

(e) Should any provision of these Terms and Conditions be or become void, the other provisions shall remain in force. Such provisions as are void or cannot be given effect shall be replaced in accordance with the meaning and purpose of these Terms and Conditions.

TERMS AND CONDITIONS (BEARER PFANDBRIEFE)

The following are the Terms and Conditions (Bearer Pfandbriefe) (the “Terms and Conditions”) which (subject to completion and amendment and together with any documents herein incorporated by reference or required to be attached hereto) will be physically attached to each Temporary Global Note (as defined below) and Permanent Global Note (as defined below). In relation to any Series (as defined below) of Notes (as defined below), the Terms and Conditions are supplemented and amended by the applicable Pricing Supplement (as defined below). The Pricing Supplement in relation to any Series of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with such Terms and Conditions, replace or modify such Terms and Conditions for the purpose of such Series of Notes. In lieu of modifying the Terms and Conditions by a Pricing Supplement, any Series of Notes in bearer form may be issued on alternative terms and conditions which will be physically attached to each Global Note. Capitalized terms used in the Terms and Conditions but not defined herein shall, in relation to any Series of Notes, have the meaning specified opposite such term in the applicable Pricing Supplement. The Pricing Supplement in relation to any Series of Notes will be physically attached to each Global Note.

This Note is one of a Series of mortgage Pfandbriefe (*Hypothekendarpfandbriefe*) or public sector Pfandbriefe (*öffentliche Pfandbriefe*) (as specified in the Pricing Supplement) in bearer form (each a “Note” and together the “Notes”) which may be represented by one or more global Pfandbriefe (each a “Global Note”) (which expression shall mean any temporary global Pfandbrief (“Temporary Global Note”) or any permanent global Pfandbrief (“Permanent Global Note”). The expression “Notes” shall mean units of the lowest Specified Denomination in the Specified Currency issued subject to an amended and restated Issuing and Paying Agency Agreement dated 15th April, 2004 (the “Agency Agreement”), as amended and/or supplemented from time to time, between Hypo Real Estate Bank Aktiengesellschaft (“Hypo Real Estate”) (acting through its head office or one of its foreign branches, if any) as issuer (the “Issuer”) and Hypo Real Estate as issuing and principal paying agent for notes denominated in Euro and deposited with Clearstream Banking AG, and Citibank, N.A., London office, as issuing agent, principal paying agent and registrar (where applicable) for all other notes, including the Notes (the “Issuing Agent” and “Principal Paying Agent”, which expression shall include any successor agent), Banque Générale du Luxembourg S.A. and Hypo Real Estate as additional paying agents (together with the Principal Paying Agent, the “Paying Agents”, which expression shall include any additional or successor paying agents). The Issuing Agent shall also act as the calculation agent (the “Calculation Agent”, which expression shall include any successor agent) (if any) unless otherwise specified in the Pricing Supplement.

The Notes may be subject to (i) U.S. Treasury Regulation § 1.163-5(c)(2)(i)(C) (“TEFRA C Rules”) (“TEFRA C Notes”), (ii) U.S. Treasury Regulation § 1.163-5(c)(2)(i)(D) (“TEFRA D Rules”) (“TEFRA D Notes”) or (iii) neither the TEFRA C Rules nor the TEFRA D Rules, in each case as specified in the Pricing Supplement.

As used herein, the term “Noteholder” means any holder of a proportionate co-ownership or other beneficial interest or right in such Notes.

As used herein, the term “Pricing Supplement” means the pricing supplement attached to the Temporary Global Note or the Permanent Global Note. Should the Pricing Supplement specify other terms and conditions inconsistent with these Terms and Conditions, the former shall replace or modify the latter to the extent specified in the Pricing Supplement. The Terms and Conditions as supplemented, amended, replaced or modified by the Pricing Supplement are hereinafter referred to as the “Conditions”.

As used herein, “Series” means each initial issue of Notes together with any further issues expressed to form a single series with the initial issue which are denominated in the same currency and which are identical in all respects (including whether or not the Notes are listed) (except for the Issue Date, the Interest Commencement Date (if different from the Issue Date) and/or the Issue Price (as specified in the Pricing Supplement)). As used herein, “Tranche” means all Notes of the same Series with the same Issue Date and Interest Commencement Date (if different from the Issue Date).

Copies of the Agency Agreement (which contains the form of Pricing Supplement (Bearer Pfandbriefe)) and the Pricing Supplements applicable to each Series of Notes are available at the specified offices of the Issuing Agent and the other Paying Agents.

1. Form

The Notes are in bearer form, in the aggregate principal amount specified in the Pricing Supplement denominated in the Specified Currency and the Specified Denomination(s).

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Indexed Note or a Dual Currency Note or a combination of any of the foregoing, depending upon the Interest/Payment Basis specified in the Pricing Supplement.

If the Notes are TEFRA C Notes, or neither TEFRA C Notes nor TEFRA D Notes (as specified in the applicable Pricing Supplement), the Notes are from the Issue Date represented by a Permanent Global Note.

If the Notes are TEFRA D Notes (as specified in the applicable Pricing Supplement), the Notes are initially represented by a Temporary Global Note (as specified in the Pricing Supplement). Such Temporary Global Note shall, on or after the date which is 40 days after the Issue Date, and subject to the requirements set forth in the terms of the Temporary Global Note be exchanged (at the cost of the Issuer) for a Permanent Global Note upon presentation of the Temporary Global Note at the offices of the Issuing Agent, but only upon certification as to non-U.S. beneficial ownership as set forth in the terms of the Temporary Global Note.

Notes in definitive form or interest coupons shall not be issued in respect of any Series of Notes.

Each Temporary Global Note and Permanent Global Note bears the signatures of two authorized persons on behalf of the Issuer (which signatures may be facsimile signatures) and the manual signature of the *Treuhänder* for the Issuer appointed by the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*). Each Note shall also bear the handwritten signature of an authorized officer of the Issuing Agent.

The Notes will be deposited with the Clearing System(s) specified in the Pricing Supplement or another central securities depository. The Notes will be transferable only in accordance with the rules and procedures for the time being of such Clearing System(s) or central securities depository.

2. Status of Notes

The Notes constitute direct, unconditional and unsubordinated obligations of the Issuer, ranking *pari passu* among themselves. The Notes are covered by a pool of assets in accordance with the German Mortgage Bank Act (*Hypothekbankgesetz*) and rank at least *pari passu* with all other obligations of the Issuer arising from mortgage Pfandbriefe (*Hypothekpfandbriefe*) or public sector Pfandbriefe (*öffentliche Pfandbriefe*), as the case may be.

3. Interest

If the Notes are TEFRA D Notes, as specified in the Pricing Supplement, no principal or interest shall be paid on any portion of the Temporary Global Note prior to such portion being exchanged for an interest in a Permanent Global Note unless the Noteholder has provided an appropriate certificate as to non-U.S. beneficial ownership in accordance with the terms of the Temporary Global Note.

(a) Interest on Fixed Rate Notes

- (i) Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date to (but excluding) the Maturity Date specified in the Pricing Supplement at the rate(s) per annum equal to the Fixed Rate(s) of Interest so specified payable on the Interest Payment Date(s) in each year and on the Maturity Date so specified if the Maturity Date does not fall on an Interest Payment Date. The first payment of interest will be made on the Interest Payment Date next following the Issue Date or, if different from the Issue Date, the Interest Commencement Date and, if the Interest Payment Date next following the Issue Date or, if different from the Issue Date, the Interest Commencement Date is not the first anniversary of the Issue Date or, if different from the Issue Date, the Interest Commencement Date, will amount to the initial Broken Amount specified in the Pricing Supplement. If the Maturity Date is not an Interest Payment Date, interest from and including the preceding Interest Payment Date (or the Issue Date or, if different from the Issue Date, the Interest Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the final Broken Amount specified in the Pricing Supplement.
- (ii) If interest is required to be calculated for a period of other than a full year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below), specified in the applicable Pricing Supplement.

“Day Count Fraction” means, in respect of the calculation of an amount of interest for any period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Calculation Period”):

- (A) if Actual/Actual (ISMA) is specified in the Pricing Supplement:
 - (1) in the case of Notes where the number of days in the relevant Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the Pricing Supplement) that would occur in one calendar year; or
 - (2) in the case of Notes where the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of:
 - (α) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the Pricing Supplement) that would occur in one calendar year, and
 - (β) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (B) if “30/360” is specified in the Pricing Supplement, the number of days in the relevant Calculation Period (such number of days being calculated on the basis of twelve 30-day months) divided by 360;

“Determination Period” means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

(b) Interest on Floating Rate Notes

(i) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Issue Date or, if different from the Issue Date, the Interest Commencement Date to (but excluding) the first Interest Payment Date (as defined below) and thereafter from (and including) each Interest Payment Date to (but excluding) the next following Interest Payment Date. Floating Rate Notes cease to bear interest on the Maturity Date. Interest will be payable on each Interest Payment Date. “Interest Payment Date” means (A) if Specified Interest Payment Dates are specified in the Pricing Supplement, each such Specified Interest Payment Date or (B) if Specified Periods are specified in the Pricing Supplement, each date which (except as otherwise specified in these Terms and Conditions or the Pricing Supplement) falls the number of months or other period(s) specified as the Specified Period in the Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Issue Date or, if different from the Issue Date, the Interest Commencement Date. Unless otherwise specified in the Pricing Supplement, if any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined in Condition 5(c)) and a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business in the Additional Business Center(s) specified in the Pricing Supplement, the Interest Payment Date shall be determined as set forth below, in accordance with the Business Day Convention specified in the Pricing Supplement.

- (A) If Modified Following Business Day Convention is specified in the Pricing Supplement, the Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event the payment date shall be the immediately preceding Business Day.
- (B) If Floating Rate Convention is specified in the Pricing Supplement, the Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) the payment date shall be the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the number of months or other periods specified in the Pricing Supplement after the preceding applicable payment date.
- (C) If Following Business Day Convention is specified in the Pricing Supplement, the Interest Payment Date shall be postponed to the next day which is a Business Day.

- (D) If Preceding Business Day Convention is specified in the Pricing Supplement, the Interest Payment Date shall be the immediately preceding Business Day.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the Pricing Supplement.

(iii) *ISDA Determination*

Where so specified in the Pricing Supplement, interest will be payable on such dates and in such amounts as would have been payable by the relevant Issuer if it had entered into an interest rate swap transaction governed by an agreement in the form of the ISDA Master Agreement (an "ISDA Agreement") published by the International Swaps and Derivatives Association Inc. ("ISDA") and evidenced by a Confirmation (as defined in the ISDA Agreement) incorporating the 2000 ISDA Definitions (the "ISDA Definitions"), or any amended and supplemented set of ISDA Definitions, published by ISDA and both as physically attached to the Note with the holder of the relevant Note under which:

- (A) the Issuer was the Floating Rate Payer;
- (B) the Issuing Agent was the Calculation Agent;
- (C) the Issue Date or, if different from the Issue Date, the Interest Commencement Date was the Effective Date;
- (D) the aggregate principal amount of the Notes of the Series of which such Note is a part was the Notional Amount;
- (E) the Interest Payment Dates were the Floating Rate Payer Payment Dates; and
- (F) all other terms were as specified in the Pricing Supplement.

When the preceding sentence applies, in respect of each Interest Payment Date:

- (1) the amount of interest determined for such Interest Payment Date will be the Interest Amount for the Specified Period ending on such Interest Payment Date for the purposes of these Terms and Conditions as though determined under subparagraph (vi) below;
- (2) the Rate of Interest for such Specified Period will be the Floating Rate (as defined in the ISDA Definitions) determined by the Calculation Agent in accordance with the preceding sentence; and
- (3) the Calculation Agent will be deemed to have discharged its obligations under subparagraph (vi) below if it has determined the Rate of Interest and Interest Amount payable on such Interest Payment Date in the manner provided in the preceding sentence.

(iv) *Screen Rate Determination*

Where so specified in the Pricing Supplement, the Rate of Interest for each Specified Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded, if necessary, to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards, if EURIBOR has been specified as Reference Rate in the Pricing Supplement, or, if the specified Reference Rate is not EURIBOR, to the nearest one hundred thousandth of a percentage point, with 0.000005 being rounded upwards) of the offered quotations (expressed as a percentage rate per annum)

for deposits in the Specified Currency for such Specified Period which appears or appear, as the case may be, on the Relevant Screen Page (as specified in the Pricing Supplement) as at 11:00 a.m. (if the Specified Currency is Euro, Brussels time, or, if the Specified Currency is not Euro, London time, or such other time as specified in the Pricing Supplement) on the Interest Determination Date in question plus or minus the Margin (if any) (as specified in the Pricing Supplement), all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest rate, one only of such rates) and the lowest (or, if there is more than one such lowest rate, one only of such rates) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations and this rule shall apply *mutatis mutandis* throughout this subparagraph.

If the Relevant Screen Page is not available or if, in the case of (A) above, no such quotation appears or, in the case of (B) above, fewer than three of such offered quotations appear, in each case as at such time, the Calculation Agent shall request, if the Specified Currency is Euro, the principal Euro zone office or, if the Specified Currency is not Euro, the principal London office (or the principal office at such other place as specified in the Pricing Supplement) of each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for such Specified Period to leading banks in the, if the Specified Currency is Euro, Euro zone inter-bank market or, if the Specified Currency is not Euro, London inter-bank market (or the inter-bank market in such other financial center as specified in the applicable Pricing Supplement) at approximately 11:00 a.m. (if the Specified Currency is Euro, Brussels time, or, if the Specified Currency is not Euro, London time, or such other time as specified in the Pricing Supplement) on the Interest Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Specified Period shall be the arithmetic mean (rounded, if necessary, to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards, if EURIBOR has been specified as Reference Rate in the Pricing Supplement, or, if the specified Reference Rate is not EURIBOR, to the nearest one hundred thousandth of a percentage point, with 0.000005 being rounded upwards) of such offered quotation plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provide the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the Specified Period in question shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded, if necessary, to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards, if EURIBOR has been specified as Reference Rate in the Pricing Supplement, or, if the specified Reference Rate is not EURIBOR, to the nearest one hundred thousandth of a percentage point, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately 11:00 a.m. (if the Specified Currency is Euro, Brussels time, or, if the Specified Currency is not Euro, London time, or such other time as specified in the Pricing Supplement) on such Interest Determination Date, deposits in the Specified Currency for such Specified Period by leading banks in the, if the Specified Currency is Euro, Euro zone inter-bank market or, if the Specified Currency is not Euro, London inter-bank market (or the inter-bank market in such other financial center as specified in the Pricing Supplement) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for such Specified Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for such Specified Period, at which, on such Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent and the Issuer suitable for such purpose) informs the Calculation Agent that it is quoting to leading banks in the, if the Specified Currency is Euro, Euro zone inter-bank market or, if the Specified Currency is not Euro, London inter-bank market (or the inter-bank market in such other financial center as specified in the Pricing Supplement) (or, as the case may be, the quotations of such bank or banks to the Calculation Agent) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last day preceding the Interest Determination Date on which such quotations were offered plus or minus (as appropriate) the Margin (if any) (though substituting, where a different Margin is to be applied to such Specified Period from that which applied to the last preceding Specified Period, the Margin relating to such Specified Period in place of the Margin relating to the last preceding Specified Period).

In this Condition 3, the expression “Reference Banks” means, in the case of (A) above, those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and, in the case of (B) above, those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified as being other than, if the Specified Currency is Euro, the Euro zone inter-bank offered rate or, if the Specified Currency is not Euro, the London inter-bank offered rate (or the inter-bank offered rate in such other financial center as specified in the applicable Pricing Supplement), the Rate of Interest in respect of such Notes will be determined as provided in the Pricing Supplement.

(v) Minimum and/or Maximum Rate of Interest

If the Pricing Supplement specifies a minimum Rate of Interest for any Specified Period then, in the event that the Rate of Interest in respect of such Specified Period determined in accordance with the above provisions is less than the minimum Rate of Interest, the Rate of Interest for such Specified Period shall be the minimum Rate

of Interest. If the Pricing Supplement specifies a maximum Rate of Interest for any Specified Period then, in the event that the Rate of Interest in respect of such Specified Period determined in accordance with the above provisions is greater than the maximum Rate of Interest, the Rate of Interest for such Specified Period shall be the maximum Rate of Interest.

(vi) Determination of Rate of Interest and Calculation of Interest Amount

The Calculation Agent will, on or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest and calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes in respect of each Specified Denomination for the Specified Period in question. Each Interest Amount shall be calculated by applying the Rate of Interest and the Day Count Fraction to each Specified Denomination, and rounding the resultant figure, if the Specified Currency is a currency other than Euro, to the nearest sub-unit of the Specified Currency, one half of any such sub-unit being rounded upwards, and if the Specified Currency is Euro, to the nearest 0.01 Euro, 0.005 Euro being rounded upwards.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Floating Rate Note for any period other than a full year from and including the most recent Interest Payment Date (or, if none, the Issue Date, or if different from the Issue Date, the Interest Commencement Date) to but excluding the relevant payment date (the "Calculation Period"):

- (A) if "Actual/365" or "Actual/Actual" is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (B) if "Actual/365 (Fixed)" is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (C) if "Actual/365 (Sterling)" is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (D) if "Actual/360" is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (E) if "30/360", "360/360" or "Bond Basis" is specified in the Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (1) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (2) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (F) if "30E/360" or "Eurobond Basis" is specified in the Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

(vii) Notification of Rate of Interest and Interest Amount

The Calculation Agent will cause the Rate of Interest, each Interest Amount in respect of each Specified Denomination for each Specified Period, each Specified Period, and the relating Interest Payment Date to be notified to the Issuer and, if required by the rules of any stock exchange on which the Floating Rate Notes are from time to time listed, to such stock exchange, and to be notified to the Noteholders in accordance with Condition 9 as soon as possible after their determination but in no event later than the fourth Business Day (as defined below) in London or such other financial center as specified in the applicable Pricing Supplement. In respect of Notes listed on the Luxembourg Stock Exchange, such notification shall be made to the Luxembourg Stock Exchange on the first day of each Specified Period or each other period for which interest is required to be calculated. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Specified Period. Any such amendment will be promptly notified to any stock exchange on which the Floating Rate Notes are for the time being listed, if required, and to the Noteholders in accordance with Condition 9.

(viii) Determinations to be Final

All determinations made for the purpose of the provisions of this paragraph (b) by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Issuing Agent, the other Paying Agents and all Noteholders and Couponholders.

(c) Index-linked Interest Notes and Dual Currency Notes

In the case of Index-linked Interest Notes or Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to an Index and/or a Formula or, as the case may be, a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the Pricing Supplement. Subparagraphs (b)(i), (v), (vi), (vii) and (viii) shall apply mutatis mutandis.

(d) Partly-Paid Notes

In the case of Partly-Paid Notes, interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the Pricing Supplement.

(e) Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for such redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue beyond the due date until the actual redemption of the Note (or the respective part thereof) but not beyond the beginning of the fourteenth day after a notice has been given by the Issuing Agent in accordance with Condition 9 to the effect that the necessary funds for redemption have been provided to the Issuing Agent. The rate of interest shall in such case be the general rate of interest provided for the Note as specified in the Pricing Supplement.

4. Redemption and Purchase

(a) At Maturity

Unless the Notes are Perpetual Notes, as set forth in the Pricing Supplement, and unless previously redeemed in whole or in part or purchased and canceled as specified below, each Note will be redeemed by the relevant Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the Pricing Supplement in the relevant Specified Currency on the Maturity Date specified in the Pricing Supplement (in the case of a Note other than a Floating Rate Note) or on the Interest Payment Date falling in the Redemption Month specified in the Pricing Supplement (in the case of a Floating Rate Note).

(b) Pricing Supplement

The Pricing Supplement in relation to any Series of Notes will specify either:

- (i) that the Notes cannot be redeemed prior to their Maturity Date or, if the Notes are Floating Rate Notes, the Interest Payment Date falling in the Redemption Month; or
- (ii) that the Notes will be redeemable at the option of the Issuer prior to the Maturity Date or, as the case may be, the Interest Payment Date falling in the Redemption Month in accordance with the provisions of paragraphs (c) and/or (d) below on the date or dates and at the amount or amounts specified in the Pricing Supplement.

(c) Redemption at the Option of the Issuer

If so specified in the Pricing Supplement, the Issuer may, having (unless otherwise specified in the Pricing Supplement) given not more than 60 nor less than 30 days' notice to the Issuing Agent and, in accordance with Condition 9, the Noteholders (which notice shall be irrevocable), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) at the Optional Redemption Amount specified in, or determined in the manner specified in, the Pricing Supplement together, if appropriate, with accrued interest. In the event of a redemption of some only of the Notes, such redemption must be of a principal amount being not lower than the Minimum Redemption Amount and not higher than the Maximum Redemption Amount, both as specified in the Pricing Supplement. In the case of a partial redemption of the Notes, the Notes will be selected in accordance with the rules of the relevant Clearing System(s).

(d) Installments

If the Notes are repayable in installments, they will be redeemed in the Installment Amounts and on the Installment Dates specified in the Pricing Supplement.

(e) Purchases

The Issuer or any of its affiliates may at any time purchase Notes in the market or otherwise. Notes purchased by the Issuer as aforesaid may, at the option of the Issuer, be held, resold or surrendered for cancellation.

(f) Cancellation

All Notes redeemed in full upon their becoming due and payable will be canceled forthwith and may not be reissued or resold.

(g) Late Payment on Zero Coupon Notes

Should the Issuer fail to pay upon presentation of any Zero Coupon Note the amount due, interest at the rate of the Amortization or Accrual Yield specified in the Pricing Supplement shall accrue from the due date until the actual redemption of such Zero Coupon Note, but not beyond the beginning of the fourteenth day after a notice has been given by the Issuing Agent in accordance with Condition 9 to the effect that the necessary funds for redemption have been provided to the Issuing Agent.

5. Payments

(a) Method of Payment

Subject as provided below:

- (i) payments of amounts due in respect of Notes denominated in a currency other than Euro will be made by transfer to an account in the Specified Currency (which expression shall mean the freely negotiable and convertible currency which on the respective due date is the legal tender in the country of the Specified Currency) maintained by the payee with, or by a cheque in the Specified Currency drawn on, a bank in the principal financial center of the country of the Specified Currency; and
- (ii) payments of amounts due in respect of Notes denominated in Euro will be made in Euro by transfer to a Euro account maintained by the payee with, or by a Euro cheque drawn on, a bank in a principal financial center of a country which on the due date for payment is a participating member state of the European Monetary Union; and
- (iii) no payment of principal or interest in respect of any Note shall be made at any office or agency in the United States, and no check in payment thereof shall be mailed to an address in the United States, nor shall any such payment be made by transfer to an account maintained by the payee with a bank in the United States. Notwithstanding the foregoing, such payments may be made at an office or agency located in the United States if such payments are to be made in U.S. dollars and if payment of the full amount so payable at each office of the Issuing Agent and each Paying Agent outside the United States appointed and maintained by the Issuer pursuant to the Agency Agreement is illegal or effectively precluded because of the imposition of exchange controls or other similar restrictions on the full payment or receipt of such amounts in U.S. dollars, and provided further, such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer; and
- (iv) payments will be subject in all cases to applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7.

(b) Presentation of Notes

Payment of principal and interest (if any) in respect of the Notes will (subject as provided below) be made to the Clearing System or to its order for credit to the account of the relevant account holders of the Clearing System and otherwise in the manner specified in the Global Note representing such Notes. Payment of principal in full, shall be made against surrender, payment of principal in part or interest against presentation of such Global Note at the specified office of the Issuing Agent.

The Issuer will be discharged by payment to, or to the order of, such Clearing System in respect of each amount so paid. Each of the persons shown in the records of such Clearing System as the holder of a particular principal amount of Notes must look solely to the Clearing System for its share of each payment so made by the Issuer.

(c) *Payment Day*

If the date for payment of any amount in respect of any Note or Coupon is not (i) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign currencies) in the place of presentation; and (ii) a Business Day (as defined below), then the holder thereof shall not be entitled to payment until the next such day in such place and shall not be entitled to further interest or other payment in respect of such delay.

“Business Day” means (unless otherwise specified in the Pricing Supplement) a day which is:

- (A) in relation to Notes denominated in a currency other than Euro a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in London and settle payments in the principal financial center of the country of the Specified Currency and such Additional Financial Center(s) (if any), as specified in the Pricing Supplement; and
- (B) in relation to Notes denominated in Euro, a day on which “all relevant parts of the Trans-European Automated Real-time Gross settlement Express Transfer system (“TARGET”) are operational to effect the relevant payment and, if so specified in the Pricing Supplement, a day on which commercial banks and foreign exchange markets are open for business and settle payments in such Additional Financial Center(s) as specified in the Pricing Supplement.

(d) *Interpretation of Principal and Interest*

Any reference in these Terms and Conditions to the “principal” or “principal amount” of the Notes shall be deemed to include, as applicable:

- (i) the Final Redemption Amount of the Notes;
- (ii) the Early Redemption Amount of the Notes;
- (iii) the Optional Redemption Amount(s) (if any) of the Notes;
- (iv) in relation to Notes redeemable in installments, the Installment Amounts; and
- (v) any premium and other amounts which may be payable under or in respect of the Notes.

6. Issuing Agent, Paying Agents and Calculation Agent

The names of the initial Issuing Agent and Principal Paying Agent, the other initial Paying Agents and the initial Calculation Agent (if any, and provided that it is different from the Issuing Agent) and their initial specified offices are set out on the relevant Note.

The Issuer is entitled to vary or terminate the appointment of any Issuing Agent, Paying Agent or Calculation Agent (if any, and provided that it is different from the Issuing Agent) and/or appoint another Issuing Agent, additional or other Paying Agents or another Calculation Agent and/or approve any change in the specified office through which any Issuing Agent, Paying Agent or Calculation Agent (if any) acts, provided that:

- (i) so long as Notes are listed on the Luxembourg Stock Exchange, there will at all times be a Paying Agent with a specified office in Luxembourg;
- (ii) so long as Notes are listed on any further stock exchange, there will at all times be a Paying Agent with a specified office at the location of the exchange or such other location as may be required by the rules of such stock exchange;
- (iii) there will at all times be an Issuing Agent;
- (iv) to the extent that a Calculation Agent is required to be appointed, there will at all times be a Calculation Agent; and
- (v) the Issuer ensures that it maintains a Paying Agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the European Union directive on taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or law to the extent possible.

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days’ prior notice thereof shall have been given to the Noteholders in accordance with Condition 9 provided that no such variation, termination, appointment or change shall take effect (except in the case of insolvency) within 15 days before or after any Interest Payment Date.

The Issuing Agent, the Paying Agents and the Calculation Agent (if any) act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Noteholder.

7. Taxation

Principal and interest in respect of the Notes shall be payable without deduction or withholding for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever imposed, levied or collected by or in the Federal Republic of Germany or, if the Notes are issued through a branch, the jurisdiction where such branch is established, or by or on behalf of any political subdivision or authority thereof or therein having power to tax, unless such deduction or withholding is required by law.

8. Presentation Period

The presentation period provided in § 801 subparagraph 1 sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to ten years for the Notes.

9. Notices

All notices concerning the Notes shall be given in accordance with legal requirements, including the giving of notice to the relevant Clearing System. In respect of Notes listed on the Luxembourg Stock Exchange this shall include publication in the "*Luxemburger Wort*" or in another leading newspaper with general circulation in Luxembourg. In respect of Notes listed on any other stock exchange and if the rules of such stock exchange so require, this shall include publication in accordance with the requirements of such stock exchange.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the Note or Notes to which the notice relates, with the Issuing Agent.

10. Further Issues

Unless otherwise specified in the Pricing Supplement, the Issuer reserves the right from time to time without the consent of the Noteholders to issue additional notes with identical terms, so that the same shall be consolidated and form a single series with the Series comprising the Notes. The term "Notes" shall, in the event of such increase, also comprise all additionally issued notes.

11. Applicable Law, Place of Performance, Place of Jurisdiction and Enforcement

(a) The Notes, as to form and content, and all rights and duties of the Noteholders, the Issuer, the Issuing Agent, the other Paying Agents and the Calculation Agent shall in all respects be determined in accordance with the law of the Federal Republic of Germany.

(b) The place of performance shall be Munich.

(c) The place of jurisdiction for all proceedings arising out of or in connection with the Notes shall be Munich. The Noteholders, however, may also pursue their claims before any other courts having jurisdiction over the Issuer. The German courts shall have exclusive jurisdiction over the annulment of lost or destroyed Notes. The Issuer hereby submits to the jurisdiction of the courts referred to in this paragraph.

(d) Any Noteholder may in any proceedings against the Issuer, or to which such Noteholder and the Issuer are parties, protect and enforce in his own name his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Noteholder maintains a securities account in respect of the Notes (A) stating the full name and address of the Noteholder, (B) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (C) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (A) and (B), and (ii) a copy of the Global Note certified as being a true copy by a duly authorized officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the Global Note. For purposes of the foregoing, "Custodian" means any bank or other financial institution of recognized standing authorized to engage in securities custody business with which the Noteholder maintains a securities account in respect of the Notes and includes the Clearing System.

(e) Should any provision of these Terms and Conditions be or become void, the other provisions shall remain in force. Such provisions as are void or cannot be given effect shall be replaced in accordance with the meaning and purpose of these Terms and Conditions.

TERMS AND CONDITIONS (REGISTERED NOTES)

The following are the Terms and Conditions (Registered Notes) (the “Terms and Conditions”) which (subject to completion and amendment and together with any documents herein incorporated by reference or required to be attached hereto) will be physically attached to each Note (as defined below). In relation to any Note, the Terms and Conditions are supplemented and amended by the applicable Pricing Supplement (as defined below). The Pricing Supplement in relation to any Note may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with such Terms and Conditions, replace or modify such Terms and Conditions for the purpose of such Note. In lieu of modifying the Terms and Conditions by a Pricing Supplement, any Note in registered form may be issued on alternative terms and conditions which will be physically attached to such Note. Capitalized terms used in the Terms and Conditions but not defined herein shall, in relation to any Note, have the meaning specified opposite such term in the applicable Pricing Supplement. The Pricing Supplement in relation to any Note will be physically attached to such Note.

This Note is a registered note (the “Note”) issued pursuant to an amended and restated Issuing and Paying Agency Agreement dated 15th April, 2004 (the “Agency Agreement”), as amended and/or supplemented from time to time, between Hypo Real Estate Bank Aktiengesellschaft (“Hypo Real Estate”) (acting through its head office or one of its foreign branches, if any) as issuer (the “Issuer”), Hypo Real Estate as issuing and principal paying agent for notes denominated in Euro and deposited with Clearstream Banking AG, and Citibank, N.A., London office, as issuing agent, principal paying agent and registrar (where applicable) for all other notes, including the Note (the “Issuing Agent” and “Registrar”, which expression shall include any successor agent), and Banque Générale du Luxembourg S.A. and Hypo Real Estate as additional paying agents. The Issuing Agent shall also act as calculation agent (the “Calculation Agent”, which expression shall include any successor agent) (if any) unless otherwise specified in the Pricing Supplement.

As used herein, the term “Noteholder” means any registered holder of the Note.

As used herein, the term “Pricing Supplement” means the pricing supplement attached to the Note. Should the Pricing Supplement specify other terms and conditions inconsistent with these Terms and Conditions, the former shall replace or modify the latter to the extent specified in the Pricing Supplement. The Terms and Conditions as supplemented, amended, replaced or modified by the Pricing Supplement are hereinafter referred to as the “Conditions”.

As used herein, the term “Register” means the register to be maintained by the Registrar in relation to the Note and any other notes that may be issued by the Issuer pursuant to the Agency Agreement.

Any reference herein to “Note” or “this Note” includes, unless the context requires otherwise, any new Note that has been issued upon a transfer of the Note or a part thereof.

Copies of the Agency Agreement (which contains the form of Pricing Supplement (Registered Notes)) and the Pricing Supplement applicable to the Note are available at the specified office of the Issuing Agent and the Registrar.

1. Form

This Note is in registered form and denominated in the Specified Currency in the principal amount specified in the Pricing Supplement.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Indexed Note or a Dual Currency Note or a combination of any of the foregoing, depending upon the Interest/Payment Basis specified in the Pricing Supplement.

This Note bears the signatures of two authorized persons on behalf of the Issuer (which signatures may be facsimile signatures). Each Note shall also bear the handwritten signature of an authorized officer of the Issuing Agent.

2. Status of the Note

If the Note is a Senior Note, as set forth in the Pricing Supplement, the Note constitutes a direct, unconditional, unsecured and unsubordinated obligation of the Issuer and ranks at least *pari passu* with the claims of all other unsecured creditors of it other than those claims which are expressly preferred under the law of its jurisdiction of incorporation or, in the case of a Note issued through a branch, the law of the jurisdiction where such branch is established, and other than claims arising from mortgage Pfandbriefe (*Hypothekendarlehenbriefe*) and public sector Pfandbriefe (*öffentliche Darlehenbriefe*) issued by the Issuer.

If the Note is a Subordinated Note, as set forth in the Pricing Supplement, the obligations under the Note constitute a direct, unconditional unsecured and subordinated obligation of the Issuer ranking *pari passu* with all other subordinated obligations of the Issuer. In the event of the dissolution or liquidation of, or insolvency proceedings against, the Issuer, such obligation will be subordinated to the claims of all unsubordinated creditors of the Issuer so that in any event no amounts shall be payable under such obligation until the claims of all unsubordinated creditors of the Issuer shall have been satisfied in full. The claims of the Noteholder arising under the Note may not be set off against any claims of the Issuer. No security of whatever kind is, or shall at any time be, provided by the Issuer or any other person securing rights of the Noteholders arising under the Note. No subsequent agreement may limit the subordination pursuant to the provisions set out in this Condition 2 or amend the Maturity Date in respect of the Note to any earlier date or shorten any applicable notice period (*Kündigungsfrist*). If the Note is redeemed before the Maturity Date otherwise than in the circumstances described in this Condition 2 or in Condition 8(b) or repurchased by the Issuer otherwise than in accordance with the provisions of Section 10 subparagraph 5a sentence 6 of the German Banking Act (*Kreditwesengesetz*), then the amounts redeemed or paid must be returned to the Issuer irrespective of any agreement to the contrary unless the amounts paid have been replaced by other regulatory banking capital (*haftendes Eigenkapital*) of at least equal status within the meaning of the German Banking Act, or the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) has consented to such redemption or repurchase.

3. Transfer of the Notes

(a) The rights of the Noteholder evidenced by the Note and title of the Note itself pass by assignment and registration in the Register. Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Issuing Agent and the Registrar shall deem and treat the Noteholder as an absolute holder thereof and of the rights evidenced thereby.

(b) The rights of the Noteholder evidenced by the Note and title of the Note itself may be transferred in whole or in part upon the surrender of the Note together with the form of assignment endorsed on it duly completed and executed, at the specified office of the Registrar. In the case of a transfer of part only of the Note, a new Note in respect of the balance not transferred will be issued to the transferor. Any transfer of a part only of the Note is permitted only for the Minimum Principal Amount (specified in the Pricing Supplement) or an integral multiple thereof.

(c) Each new Note to be issued upon a transfer of the Note will, within seven business days (being, for the purposes of this paragraph, a day other than a Saturday and Sunday, on which banks are open for business in the place of the specified office of the Registrar) of delivery of the Note and the duly completed and executed form of assignment, be available for collection at the specified office of the Registrar, or, at the request of the Noteholder making such delivery and as specified in the relevant form of assignment, be mailed at the risk of the Noteholder entitled to the new Note to such address as may be specified in the form of assignment.

(d) Transfers will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment (or the giving of such indemnity as the Issuer or the Registrar may require in respect) of any tax or other duties which may be imposed in relation to it.

(e) The Noteholder may not require the transfer of a Note registered (i) during a period of 15 days ending on the due date for any payment of principal, (ii) during the period of 15 days prior to any date on which such Note may be redeemed at the option of the Issuer, or (iii) after the Note has been called for redemption in whole or in part.

4. Interest

(a) Interest on a Fixed Rate Note

(i) A Fixed Rate Note bears interest from (and including) the Issue Date or, if different from the Issue Date, the Interest Commencement Date to (but excluding) the Maturity Date specified in the Pricing Supplement at the rate(s) per annum equal to the Fixed Rate(s) of Interest so specified payable on the Interest Payment Date(s) in each year and on the Maturity Date so specified if the Maturity Date does not fall on an Interest Payment Date. The first payment of interest will be made on the Interest Payment Date next following the Issue Date or, if different from the Issue Date, the Interest Commencement Date and, if the Interest Payment Date next following the Issue Date or, if different from the Issue Date, the Interest Commencement Date is not the first anniversary of the Issue Date or, if different from the Issue Date, the Interest Commencement Date, will amount to the initial Broken Amount specified in the Pricing Supplement. If the Maturity Date is not an Interest Payment Date, interest from and including the preceding Interest Payment Date (or the Issue Date or, if different from the Issue Date, the Interest Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the final Broken Amount specified in the Pricing Supplement.

(ii) If interest is required to be calculated for a period of other than a full year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below), specified in the applicable Pricing Supplement.

“Day Count Fraction” means, in respect of the calculation of an amount of interest for any period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Calculation Period”):

(A) if Actual/Actual (ISMA) is specified in the Pricing Supplement:

- (1) in the case of Notes where the number of days in the relevant Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the Pricing Supplement) that would occur in one calendar year; or
- (2) in the case of Notes where the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of:
 - (α) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the Pricing Supplement) that would occur in one calendar year, and
 - (β) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) if “30/360” is specified in the Pricing Supplement, the number of days in the relevant Calculation Period (such number of days being calculated on the basis of twelve 30-day months) divided by 360;

“Determination Period” means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

(b) Interest on a Floating Rate Note

(i) Interest Payment Dates

A Floating Rate Note bears interest from (and including) the Issue Date or, if different from the Issue Date, the Interest Commencement Date to (but excluding) the first Interest Payment Date (as defined below) and thereafter from (and including) each Interest Payment Date to (but excluding) the next following Interest Payment Date. Floating Rate Notes cease to bear interest on the Maturity Date. Interest will be payable on each Interest Payment Date. “Interest Payment Date” means (A) if Specified Interest Payment Dates are specified in the Pricing Supplement, each such Specified Interest Payment Date or (B) if Specified Periods are specified in the Pricing Supplement, each date which (except as otherwise specified in these Terms and Conditions or the Pricing Supplement) falls the number of months or other period(s) specified as the Specified Period in the Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Issue Date or, if different from the Issue Date, the Interest Commencement Date. Unless otherwise specified in the Pricing Supplement, if any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined in Condition 6(b)) and a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business in the Additional Business Center(s) specified in the Pricing Supplement, the Interest Payment Date shall be determined as set forth below, in accordance with the Business Day Convention specified in the Pricing Supplement.

- (A) If Modified Following Business Day Convention is specified in the Pricing Supplement, the Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event the payment date shall be the immediately preceding Business Day.
- (B) If Floating Rate Convention is specified in the Pricing Supplement, the Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) the payment date shall be the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the number of months or other periods specified in the Pricing Supplement after the preceding applicable payment date.

- (C) If Following Business Day Convention is specified in the Pricing Supplement, the Interest Payment Date shall be postponed to the next day which is a Business Day.
- (D) If Preceding Business Day Convention is specified in the Pricing Supplement, the Interest Payment Date shall be the immediately preceding Business Day.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of a Floating Rate Note will be determined in the manner specified in the Pricing Supplement.

(iii) ISDA Determination

Where so specified in the Pricing Supplement, interest will be payable on such dates and in such amounts as would have been payable by the Issuer if it had entered into an interest rate swap transaction governed by an agreement in the form of the ISDA Master Agreement (an "ISDA Agreement") published by the International Swaps and Derivatives Association Inc. ("ISDA") and evidenced by a Confirmation (as defined in the ISDA Agreement) incorporating the 2000 ISDA Definitions (the "ISDA Definitions"), or any amended and supplemented set of ISDA Definitions, published by ISDA and both as physically attached to the Note with the Noteholder under which:

- (A) the Issuer was the Floating Rate Payer;
- (B) the Issuing Agent was the Calculation Agent;
- (C) the Issue Date or, if different from the Issue Date, the Interest Commencement Date was the Effective Date;
- (D) the aggregate principal amount of the Note was the Notional Amount;
- (E) the Interest Payment Dates were the Floating Rate Payer Payment Dates; and
- (F) all other terms were as specified in the Pricing Supplement.

When the preceding sentence applies, in respect of each Interest Payment Date:

- (1) the amount of interest determined for such Interest Payment Date will be the Interest Amount for the Specified Period ending on such Interest Payment Date for the purposes of these Terms and Conditions as though determined under subparagraph (vi) below;
- (2) the Rate of Interest for such Specified Period will be the Floating Rate (as defined in the ISDA Definitions) determined by the Calculation Agent in accordance with the preceding sentence; and
- (3) the Calculation Agent will be deemed to have discharged its obligations under subparagraph (vi) below if it has determined the Rate of Interest and Interest Amount payable on such Interest Payment Date in the manner provided in the preceding sentence.

(iv) Screen Rate Determination

Where so specified in the Pricing Supplement, the Rate of Interest for each Specified Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded, if necessary, to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards, if EURIBOR has been specified as Reference Rate in the Pricing Supplement, or, if the specified Reference Rate is not EURIBOR, to the nearest one hundred thousandth of a percentage point, with 0.000005 being rounded upwards) of the offered quotations (expressed as a percentage rate per annum) for deposits in the Specified Currency for such Specified Period which appears or appear, as the case may be, on the Relevant Screen Page (as specified in the Pricing Supplement) as at 11:00 a.m. (if the Specified Currency is Euro, Brussels time, or, if the Specified Currency is not Euro, London time, or such other time as specified in the Pricing Supplement) on the Interest Determination Date in question plus or minus the Margin (if any) (as specified in the Pricing Supplement), all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest rate, one only of such rates) and the lowest (or, if there is more than one such lowest rate, one only of such rates) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations and this rule shall apply *mutatis mutandis* throughout this subparagraph.

If the Relevant Screen Page is not available or if, in the case of (A) above, no such quotation appears or, in the case of (B) above, fewer than three of such offered quotations appear, in each case as at such time, the Calculation Agent shall request, if the Specified Currency is Euro, the principal Euro zone office or, if the Specified Currency is not Euro, the principal London office (or the principal office at such other place as specified in the Pricing Supplement) of each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for such Specified Period to leading banks in the, if the Specified Currency is Euro, Euro zone inter-bank market or, if the Specified Currency is not Euro, London inter-bank market (or the inter-bank market in such other financial center as specified in the applicable Pricing Supplement) at approximately 11:00 a.m. (if the Specified Currency is Euro, Brussels time, or, if the Specified Currency is not Euro, London time, or such other time as specified in the Pricing Supplement) on the Interest Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Specified Period shall be the arithmetic mean (rounded, if necessary, to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards, if EURIBOR has been specified as Reference Rate in the Pricing Supplement, or, if the specified Reference Rate is not EURIBOR, to the nearest one hundred thousandth of a percentage point, with 0.000005 being rounded upwards) of such offered quotation plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provide the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the Specified Period in question shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded, if necessary, to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards, if EURIBOR has been specified as Reference Rate in the Pricing Supplement, or, if the specified Reference Rate is not EURIBOR, to the nearest one hundred thousandth of a percentage point, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately 11:00 a.m. (if the Specified Currency is Euro, Brussels time, or, if the Specified Currency is not Euro, London time, or such other time as specified in the Pricing Supplement) on such Interest Determination Date, deposits in the Specified Currency for such Specified Period by leading banks in the, if the Specified Currency is Euro, Euro zone inter-bank market or, if the Specified Currency is not Euro, London inter-bank market (or the inter-bank market in such other financial center as specified in the Pricing Supplement) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for such Specified Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for such Specified Period, at which, on such Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent and the Issuer suitable for such purpose) informs the Calculation Agent that it is quoting to leading banks in the, if the Specified Currency is Euro, Euro zone inter-bank market or, if the Specified Currency is not Euro, London inter-bank market (or the inter-bank market in such other financial center as specified in the Pricing Supplement) (or, as the case may be, the quotations of such bank or banks to the Calculation Agent) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last day preceding the Interest Determination Date on which such quotations were offered plus or minus (as appropriate) the Margin (if any) (though substituting, where a different Margin is to be applied to such Specified Period from that which applied to the last preceding Specified Period, the Margin relating to such Specified Period in place of the Margin relating to the last preceding Specified Period).

In this Condition 4, the expression “Reference Banks” means, in the case of (A) above, those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and, in the case of (B) above, those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

If the Reference Rate from time to time in respect of a Floating Rate Note is specified as being other than, if the Specified Currency is Euro, the Euro zone inter-bank offered rate or, if the Specified Currency is not Euro, the London inter-bank offered rate (or the inter-bank offered rate in such other financial center as specified in the applicable Pricing Supplement), the Rate of Interest in respect of such Note will be determined as provided in the Pricing Supplement.

(v) Minimum and/or Maximum Rate of Interest

If the Pricing Supplement specifies a minimum Rate of Interest for any Specified Period then, in the event that the Rate of Interest in respect of such Specified Period determined in accordance with the above provisions is less than the minimum Rate of Interest, the Rate of Interest for such Specified Period shall be the minimum Rate

of Interest. If the Pricing Supplement specifies a maximum Rate of Interest for any Specified Period then, in the event that the Rate of Interest in respect of such Specified Period determined in accordance with the above provisions is greater than the maximum Rate of Interest, the Rate of Interest for such Specified Period shall be the maximum Rate of Interest.

(vi) Determination of Rate of Interest and Calculation of Interest Amount

The Calculation Agent will, on or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest and calculate the amount of interest (the “Interest Amount”) payable on the aggregate principal amount of the Floating Rate Note for the Specified Period in question. Each Interest Amount shall be calculated by applying the Rate of Interest and the Day Count Fraction to the aggregate principal amount, and rounding the resultant figure, if the Specified Currency is a currency other than Euro, to the nearest sub-unit of the Specified Currency, one half of any such sub-unit being rounded upwards, and if the Specified Currency is Euro, to the nearest 0.01 Euro, 0.005 Euro being rounded upwards.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Floating Rate Note for any period other than a full year from and including the most recent Interest Payment Date (or, if none, the Issue Date, or if different from the Issue Date, the Interest Commencement Date) to but excluding the relevant payment date (the “Calculation Period”):

- (A) if “Actual/365” or “Actual/Actual” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (B) if “Actual/365 (Fixed)” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (C) if “Actual/365 (Sterling)” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (D) if “Actual/360” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (E) if “30/360”, “360/360” or “Bond Basis” is specified in the Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (1) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (2) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (F) if “30E/360” or “Eurobond Basis” is specified in the Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

(vii) Notification of Rate of Interest and Interest Amount

The Calculation Agent will cause the Rate of Interest, each Interest Amount for each Specified Period, each Specified Period, and the relating Interest Payment Date to be notified to the Issuer and to the Noteholder in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth Business Day (as defined below) in London or such other financial center as specified in the applicable Pricing Supplement. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Specified Period. Any such amendment will be promptly notified to the Noteholders in accordance with Condition 13.

(viii) Determinations to be Final

All determinations made for the purpose of the provisions of this paragraph (b) by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Issuing Agent, the Registrar and all Noteholders.

(c) Index-linked Interest Notes and Dual Currency Notes

In the case of an Index-linked Interest Note or Dual Currency Note, if the rate or amount of interest falls to be determined by reference to an Index and/or a Formula or, as the case may be, a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the Pricing Supplement.

(d) Partly-Paid Note

In the case of a Partly-Paid Note, interest will accrue as aforesaid on the paid-up principal amount of such Note and otherwise as specified in the Pricing Supplement.

(e) Accrual of Interest

The Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for such redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue beyond the due date until the actual redemption of the Note (or the respective part thereof) but not beyond the beginning of the fourteenth day after a notice has been given by the Issuing Agent in accordance with Condition 13 to the effect that the necessary funds for redemption have been provided to the Issuing Agent. The rate of interest shall in such case be the general rate of interest provided for the Note as specified in the Pricing Supplement.

5. Redemption and Purchase

(a) At Maturity

Unless the Notes are Perpetual Notes, as set forth in the Pricing Supplement, and unless previously redeemed in whole or in part or purchased and canceled as specified below, the Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the Pricing Supplement in the Specified Currency on the Maturity Date specified in the Pricing Supplement (in the case of a Note other than a Floating Rate Note) or on the Interest Payment Date falling in the Redemption Month specified in the Pricing Supplement (in the case of a Floating Rate Note).

(b) Pricing Supplement

The Pricing Supplement in relation to the Note will specify either:

- (i) that the Note cannot be redeemed prior to its Maturity Date or, if the Note is a Floating Rate Note, the Interest Payment Date falling in the Redemption Month (in each case except as otherwise provided in Condition 8(b) and, unless the Note is a Subordinated Note, as specified in the Pricing Supplement, Condition 9); or
- (ii) that the Note will be redeemable at the option of the Issuer and/or the Noteholder prior to the Maturity Date or, as the case may be, the Interest Payment Date falling in the Redemption Month in accordance with the provisions of paragraphs (c) and/or (d) below on the date or dates and at the amount or amounts specified in the Pricing Supplement, provided, however, that, if the Note is a Subordinated Note in whole or in part, as specified in the Pricing Supplement, the Note may not, except as provided in Condition 8(b), be redeemed prior to the Maturity Date.

(c) Redemption at the Option of the Issuer

If so specified in the Pricing Supplement, the Issuer may, having (unless otherwise specified in the Pricing Supplement) given not more than 60 nor less than 30 days' notice to the Issuing Agent and, in accordance with Condition 13, the Noteholder (which notice shall be irrevocable), redeem the principal amount of the Note then outstanding in whole or in part on the Optional Redemption Date(s) at the Optional Redemption Amount) specified in, or determined in the manner specified in, the Pricing Supplement together, if appropriate, with accrued interest. In the event of a redemption of the Note in part only, such redemption must be of a principal amount being not lower than the Minimum Redemption Amount and not higher than the Maximum Redemption Amount, both as specified in the Pricing Supplement. The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Noteholder of its option (if any) to require the redemption of such Note under paragraph (d) of this Condition 5.

(d) Redemption at the Option of the Noteholder

If and to the extent specified in the Pricing Supplement, upon a Noteholder giving to the Issuer not more than 60 days' and not less than 30 days' notice (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem subject to, and in accordance with, the terms specified in the Pricing Supplement the Note in such

part as to which the Noteholder has given such notice, on the Optional Redemption Date at the Optional Redemption Amount specified in, or determined in the manner specified in, the Pricing Supplement together, if appropriate, with accrued interest. The Noteholder may not exercise such option in respect of any Note which is the subject of the prior exercise by the Issuer of its option (if any) to redeem such Note under paragraph (c) of this Condition 5.

(e) *Early Redemption Amounts*

For the purposes of Conditions 8(b) and 9, the Note will be redeemed at an amount (the “Early Redemption Amount”) calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the Pricing Supplement or, if no such amount or manner is specified in the Pricing Supplement, at its principal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount equal to either:
 - (A) the sum of
 - (1) the Reference Price specified in the Pricing Supplement; and
 - (2) the product of the Amortization or Accrual Yield specified in the Pricing Supplement (compounded annually), being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable; or
 - (B) such other amount as specified in the Pricing Supplement.

Where such calculation is to be made for a period of less than a full year, it shall be made on the basis of the provisions set forth in Condition 4(b)(vi) (in the case of a Floating Rate Note) or Condition 4(a)(ii) (in the case of any other Note), or as otherwise specified in the Pricing Supplement.

(f) *Installments*

If the Note is repayable in installments, it will be redeemed in the Installment Amounts and on the Installment Dates specified in the Pricing Supplement.

(g) *Purchases*

The Issuer or any of its affiliates may at any time purchase a Note. A Note purchased by the Issuer as aforesaid may, at the option of the Issuer, be held, resold or surrendered for cancellation. If the Note is a Subordinated Note, such purchase is subject to Condition 2.

(h) *Cancellation*

A Note redeemed in full upon its becoming due and payable will be canceled forthwith and may not be reissued or resold.

(j) *Late Payment on Zero Coupon Notes*

Should the Issuer fail to pay upon presentation of a Zero Coupon Note the amount due, interest at the rate of the Amortization or Accrual Yield specified in the Pricing Supplement shall accrue from the due date until the actual redemption of such Zero Coupon Note, but not beyond the beginning of the fourteenth day after a notice has been given by the Issuing Agent in accordance with Condition 13 to the effect that the necessary funds for redemption have been provided to the Issuing Agent.

6. *Payments*

Payment of principal and interest in respect of this Note shall be made on the respective due date therefor to the person shown on the Register as the Noteholder at the close of business on the fifteenth Business Day before such due date (the “Record Date”).

(a) Method of Payment

Subject as provided below:

- (i) payments of amounts due in respect of a Note denominated in a currency other than Euro will be made by transfer to an account in the Specified Currency (which expression shall mean the freely negotiable and convertible currency which on the respective due date is the legal tender in the country of the Specified Currency) maintained by the payee with a bank in the principal financial center of the country of the Specified Currency notified to the Issuing Agent no later than the Record Date; and
- (ii) payments of amounts due in respect of Notes denominated in Euro will be made in Euro by transfer to a Euro account maintained by the payee with a bank in a principal financial center of a country which on the due date for payment is a participating member state of the European Monetary Union notified to the Issuing Agent no later than the Record Date; and
- (iii) payments will be subject in all cases to applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8.

(b) Payment Day

If the date for payment in respect of any Note is not (i) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign currencies) in the principal financial center of the country where the account of the payee is maintained in accordance with the foregoing and (ii) a Business Day (as defined below), then the Noteholder shall not be entitled to payment until the next such payment day in such place and shall not be entitled to further interest or other payment in respect of such delay.

“Business Day” means (unless otherwise specified in the Pricing Supplement) a day which is:

- (A) in relation to a Note denominated in a currency other than Euro a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in London and settle payments in the principal financial center of the country of the Specified Currency and such Additional Financial Center(s) (if any), as specified in the Pricing Supplement; and
- (B) in relation to a Note denominated in Euro, a day on which all relevant parts of the Trans-European Automated Real-time Gross settlement Express Transfer system (“TARGET”) are operational to effect the relevant payment and, if so specified in the Pricing Supplement, a day on which commercial banks and foreign exchange markets are open for business and settle payments in such Additional Financial Center(s) as specified in the Pricing Supplement.

(c) Interpretation of Principal and Interest

Any reference in these Terms and Conditions to “principal” or the “principal amount” of the Note shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable under Condition 8 in relation to a deduction or withholding referred to therein in respect of a payment of principal;
- (ii) the Final Redemption Amount of the Note;
- (iii) the Early Redemption Amount of the Note;
- (iv) the Optional Redemption Amount(s) (if any) of the Note;
- (v) in relation to a Note redeemable in installments, the Installment Amounts; and
- (vi) any premium and other amounts which may be payable under or in respect of the Note.

Any reference in these Terms and Conditions to interest in respect of a Note shall be deemed to include, if applicable, any additional amounts which may be payable under Condition 8 in relation to a deduction or withholding referred to therein in respect of a payment of interest.

7. Issuing Agent, Registrar and Calculation Agent

The names of the initial Issuing Agent and Registrar and the initial Calculation Agent (if any, and provided that it is different from the Issuing Agent) and their initial specified offices are set out on the relevant Note.

The Issuer is entitled to vary or terminate the appointment of any Issuing Agent and Registrar or Calculation Agent (if any, and provided that it is different from the Issuing Agent) and/or appoint another Issuing Agent and Registrar or another Calculation Agent and/or approve any change in the specified office through which any Issuing Agent and Registrar or Calculation Agent (if any) acts, provided that:

- (i) there will at all times be an Issuing Agent and Registrar; and
- (ii) to the extent that a Calculation Agent is required to be appointed, there will at all times be a Calculation Agent.

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13 provided that no such variation, termination, appointment or change shall take effect (except in the case of insolvency) within 15 days before or after any Interest Payment Date, as the case may be.

The Issuing Agent, the Registrar and the Calculation Agent (if any), act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Noteholder.

8. Taxation

(a) Principal and interest in respect of any Note shall be payable without deduction or withholding for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever imposed, levied or collected by or in the Federal Republic of Germany, or, if the Notes are issued through a branch, the jurisdiction where such branch is established, or by or on behalf of any political subdivision or authority thereof or therein having power to tax ("Withholding Taxes"), unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts of principal and interest as may be necessary in order that the net amounts received by the Noteholders after such deduction or withholding shall equal the respective amounts of principal and interest which would have been receivable had no such deduction or withholding been required. No such additional amounts shall, however, be payable on account of any taxes, duties or governmental charges which:

- (i) are payable otherwise than by deduction or withholding from payments of principal or interest; or
- (ii) are payable by reason of the Noteholder having, or having had, some personal or business connection with the Federal Republic of Germany or, if the Notes are issued through a branch, the jurisdiction where such branch is established and not merely by reason of the fact that payments in respect of the Note are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of Germany; or
- (iii) are payable by reason of a change in law that becomes effective more than 30 days after the payment of principal or interest becomes due or is duly provided for and notice thereof is given in accordance with Condition 13 (the "Relevant Date"), whichever occurs later; or
- (iv) are deducted or withheld from a payment to an individual if such deduction or withholding is required to be made pursuant to the European Union Directive on taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or law; or
- (v) would not be payable, if the Noteholder makes a declaration of non-residence or other similar claim for exemption to the relevant tax authorities or complies with any reasonable certification documentation, information or other reporting requirement.

(b) If, as a result of any change in, or amendment to, the laws or regulations prevailing in the Federal Republic of Germany or, if the Note is issued through a branch, the jurisdiction where such branch is established, or any political subdivision or taxing authority thereof or therein affecting taxation or the obligation to pay duties of any kind, or as a result of any change in, or amendments to, the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the fifth day prior to the Issue Date of the Note, Withholding Taxes are or will be leviable on payments of principal or interest in respect of the Note and, by reason of the obligation to pay additional amounts on the next succeeding Interest Payment Date (in the case of a Note other than a Zero Coupon Note) or at maturity or upon the sale or exchange of any Note (in the case of a Zero Coupon Note) as provided in subparagraph (a) or otherwise, such Withholding Taxes are to be borne by the Issuer, the Issuer may redeem the Note in whole, but not in part, at any time, or, if the Note is a Floating Rate Note, on any Interest Payment Date, on giving not less than 30 days' notice, at its Early Redemption Amount (Condition 5(e)), together with interest accrued to (but excluding) the date fixed for redemption, provided that no

such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to withhold or pay Withholding Taxes were a payment in respect of the Note then made.

(c) Any such notice shall be given in accordance with Condition 13. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.

9. Events of Default

(a) Unless the Note is a Subordinated Note, as specified in the Pricing Supplement, the Noteholder shall be entitled to declare its Note due and demand immediate redemption thereof at the Early Redemption Amount (Condition 5(e)) in the event that:

- (i) there is failure to pay any amount due under the Note within 30 days from the due date; or
- (ii) there is failure by the Issuer to perform any of its other obligations under the Note and such failure shall continue for more than 45 days after written notice thereof has been delivered to the Issuer by any of the Noteholders; or
- (iii) the Issuer suspends its payments generally; or
- (iv) insolvency proceedings or composition proceedings to avert insolvency or similar proceedings are instituted against the Issuer's assets by a court in the Federal Republic of Germany or, if the Notes are issued through a branch, the jurisdiction where such branch is established, or the Issuer applies for institution of any one of these proceedings concerning its assets, or the Issuer offers an out-of-court settlement to avert insolvency, composition or similar proceedings; or
- (v) the Issuer goes into liquidation, except if the Issuer merges with another company or is otherwise reorganized and such other or reorganized company assumes the obligations of the Issuer under the Note.

The right to declare the Note due shall terminate if the event giving rise to such rights has been cured before the right is exercised.

(b) A Noteholder shall exercise its right to declare its Note due in accordance with paragraph (a) above by delivering or sending by registered mail to the Issuer written notice as well as evidence of ownership. The Note shall become due upon receipt of such notice by the Issuer.

(c) If the Note is a Subordinated Note, as specified in the Pricing Supplement, no Noteholder shall be entitled to declare its Note due or demand early redemption thereof for any reason.

10. Substitution of the Issuer

(a) The Issuer may, without the consent of the Noteholder, if no payment of principal or interest on the Note is in default, at any time substitute for the Issuer any Affiliate (as defined below) of the Issuer as principal debtor in respect of all obligations arising from or in connection with the Note (the "Substituted Debtor") provided that:

- (i) the Substituted Debtor assumes all obligations of the Issuer in respect of the Note;
- (ii) the Issuer and the Substituted Debtor have obtained all necessary authorizations and may transfer to the Issuing Agent in the currency required hereunder and without being obligated to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the Substituted Debtor or the Issuer has its domicile or tax residence, all amounts required for the fulfillment of the payment obligations arising under the Note;
- (iii) the Substituted Debtor has agreed to indemnify and hold harmless each Noteholder against any tax, duty, assessment or governmental charge imposed on such Noteholder in respect of such substitution;
- (iv) unless the Note is a Subordinated Note, the Issuer has irrevocably and unconditionally guaranteed in favor of each Noteholder the payment of all sums payable by the Substituted Debtor in respect of the Note on terms which ensure that each Noteholder will be put in an economic position that is at least as favorable as that which would have existed had the substitution not taken place;
- (v) if the Note is a Subordinated Note, the obligations assumed by the Substituted Debtor in respect of the Note are subordinated on terms identical to the terms of the Note and (A) the Substituted Debtor is a subsidiary (*Tochterunternehmen*) of the Issuer within the meaning of §§ 1 subparagraph 7 and 10 subparagraph 5a sentence 11 of the German Banking Act (*Kreditwesengesetz*), (B) the Substituted Debtor deposits an amount which is equal to the aggregate principal amount of the Note with the Issuer on terms equivalent, including in respect of subordination, to the terms and conditions of the Note, and (C) the Issuer has irrevocably and

unconditionally guaranteed in favor of each Noteholder the payment of all sums payable by the Substituted Debtor in respect of the Note on terms which ensure that each Noteholder will be put in an economic position that is at least as favorable as that which would have existed had the substitution not taken place;

- (vi) there shall have been delivered to the Issuing Agent an opinion or opinions of lawyers of recognized standing to the effect that subparagraphs (i), (ii), (iii) and (iv) above have been satisfied.

For purposes of this Condition 10, "Affiliate" shall mean any affiliated company (*verbundenes Unternehmen*) within the meaning of § 15 of the German Stock Corporation Act (*Aktiengesetz*).

- (b) Any such substitution shall be notified in accordance with Condition 13.

(c) In the event of such substitution, any reference in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the Substituted Debtor, and any reference to the country in which the Issuer is organized, domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of organization domicile or residence of the Substituted Debtor.

11. Replacement of Note

If the Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the applicant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Note must be surrendered before a replacement Note will be issued.

12. Prescription Period

The obligations of the Issuer to pay principal and interest in respect of the Note shall be prescribed (i) in respect of principal upon the expiry of 10 years following the respective due date for the payment of principal and (ii) in respect of interest upon the expiry of 4 years following the respective due date for the relevant payment of interest.

13. Notices

Notices to the Noteholder may be given, and are valid if given, by post, telex or fax at the address, telex number or fax number of the Noteholder appearing in the Register.

14. Applicable Law, Place of Performance and Place of Jurisdiction

(a) The Note, as to form and content, and all rights and duties of the Noteholder, the Issuer, the Issuing Agent, the Registrar and the Calculation Agent are in all respects subject to the law of the Federal Republic of Germany.

(b) The place of performance shall be Munich.

(c) The place of jurisdiction for all proceedings arising out of or in connection with the Note shall be Munich. The Noteholder, however, may also pursue its claims before any other courts having jurisdiction over the Issuer. The Issuer hereby submits to the jurisdiction of the courts referred to in this paragraph.

(d) Should any provision of these Terms and Conditions be or become void, the other provisions shall remain in force. Such provisions as are void or cannot be given effect shall be replaced in accordance with the meaning and purpose of these Terms and Conditions.

TERMS AND CONDITIONS (REGISTERED PFANDBRIEFE)

The following are the Terms and Conditions (Registered Pfandbriefe) (the “Terms and Conditions”) which (subject to completion and amendment and together with any documents herein incorporated by reference or required to be attached hereto) will be physically attached to each Note (as defined below). In relation to any Note, the Terms and Conditions are supplemented and amended by the applicable Pricing Supplement (as defined below). The Pricing Supplement in relation to any Note may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with such Terms and Conditions, replace or modify such Terms and Conditions for the purpose of such Note. In lieu of modifying the Terms and Conditions by a Pricing Supplement, any Note in registered form may be issued on alternative terms and conditions which will be physically attached to such Note. Capitalized terms used in the Terms and Conditions but not defined herein shall, in relation to any Note, have the meaning specified opposite such term in the applicable Pricing Supplement. The Pricing Supplement in relation to any Note will be physically attached to such Note.

This Note represents a mortgage Pfandbrief (*Hypothekpfandbrief*) or public sector Pfandbrief (*öffentlicher Pfandbrief*) (as specified in the Pricing Supplement) in registered form (the “Note”). This Note is issued subject to an amended and restated Issuing and Paying Agency Agreement dated 15th April, 2004 (the “Agency Agreement”), as amended and/or supplemented from time to time, between Hypo Real Estate Bank Aktiengesellschaft (“Hypo Real Estate”) (acting through its head office or one of its foreign branches, if any) as issuer (the “Issuer”) and Hypo Real Estate as issuing and principal paying agent for Notes denominated in Euro and deposited with Clearstream Banking AG, and Citibank, N.A., London office, as issuing agent, principal paying agent and registrar (where applicable) for all other notes, including the Note (the “Issuing Agent” and “Registrar”, which expression shall include any successor agent), Banque Générale du Luxembourg S.A. and Hypo Real Estate as additional paying agents. The Issuing Agent shall also act as calculation agent (the “Calculation Agent”, which expression shall include any successor agent) (if any) unless otherwise specified in the Pricing Supplement.

As used herein, the term “Noteholder” means any registered holder of the Note.

As used herein, the term “Pricing Supplement” means the pricing supplement attached to this Note. Should the Pricing Supplement specify other terms and conditions inconsistent with these Terms and Conditions, the former shall replace or modify the latter to the extent specified in the Pricing Supplement. The Terms and Conditions as supplemented, amended, replaced or modified by the Pricing Supplement are hereinafter referred to as the “Conditions”.

As used herein, the term “Register” means the register to be maintained by the Registrar in relation to the Note and any other notes that may be issued by the Issuer pursuant to the Agency Agreement.

Any reference herein to the “Note” or “this Note” includes unless the context otherwise requires, any new Note that has been issued upon a transfer of this Note or a part thereof.

Copies of the Agency Agreement (which contains the form of Pricing Supplement (Registered Pfandbriefe)) and the Pricing Supplement applicable to the Note are available at the specified offices of the Issuing Agent and the Registrar.

1. Form

This Note is in registered form, in the aggregate principal amount specified in the Pricing Supplement and denominated in the Specified Currency.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Indexed Note or a Dual Currency Note or a combination of any of the foregoing, depending upon the Interest/Payment Basis specified in the Pricing Supplement.

This Note bears the signatures of two authorized persons on behalf of the Issuer (which signatures may be facsimile signatures, and the manual signature of the *Treuhänder* for the Issuer appointed by the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*)). The Note shall also bear the handwritten signature of an authorized officer of the Issuing Agent.

2. Status of the Note

The Note constitutes a direct, unconditional and unsubordinated obligation of the Issuer. The Note is covered by a pool of assets in accordance with the German Mortgage Bank Act (*Hypothekbankgesetz*) and ranks at least *pari passu* with all other obligations of the Issuer arising from mortgage Pfandbriefe (*Hypothekpfandbriefe*) or public sector Pfandbriefe (*öffentliche Pfandbriefe*), as the case may be.

3. Transfer of the Note

(a) The rights of the Noteholder evidenced by the Note and title to the Note itself pass by assignment and registration in the Register. Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Fiscal Agent and the Registrar shall deem and treat the Noteholder as the absolute holder thereof and of the rights evidenced thereby.

(b) The rights of the Noteholder evidenced by the Note and title to the Note itself may be transferred in whole or in part upon the surrender of this Note together with the form of assignment endorsed on it duly completed and executed, at the specified office of the Registrar. In the case of a transfer of part only of the Note, a new Note in respect of the balance not transferred will be issued to the transferor. Any transfer of a part only of the Note is permitted only for the Minimum Principal Amount (specified in the Pricing Supplement) or an integral multiple thereof.

(c) Each new Note to be issued upon transfer of the Note will, within seven business days (being, for the purposes of this paragraph, a day other than a Saturday and Sunday, on which banks are open for business in the place of the specified office of the Registrar) of delivery of the Note and the duly completed and executed form of assignment, be available for collection at the specified office of the Registrar, or, at the request of the Noteholder making such delivery and as specified in the relevant form of assignment, be mailed at the risk of the Noteholder entitled to the new Note to such address as may be specified in the form of assignment.

(d) Transfers will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment (or the giving of such indemnity as the Issuer or the Registrar may require in respect) of any tax or other duties which may be imposed in relation to it.

(e) The Noteholder may not require the transfer of the Note registered (i) during a period of 15 days ending on the due date for any payment of principal, (ii) during the period of 15 days prior to any date on which the Note may be redeemed at the option of the Issuer, or (iii) after the Note has been called for redemption in whole or in part.

4. Interest

(a) Interest on a Fixed Rate Note

(i) A Fixed Rate Note bears interest from (and including) the Issue Date or, if different from the Issue Date, the Interest Commencement Date to (but excluding) the Maturity Date specified in the Pricing Supplement at the rate(s) per annum equal to the Fixed Rate(s) of Interest so specified payable on the Interest Payment Date(s) in each year and on the Maturity Date so specified if the Maturity Date does not fall on an Interest Payment Date. The first payment of interest will be made on the Interest Payment Date next following the Issue Date or, if different from the Issue Date, the Interest Commencement Date and, if the Interest Payment Date next following the Issue Date or, if different from the Issue Date, the Interest Commencement Date is not the first anniversary of the Issue Date or, if different from the Issue Date, the Interest Commencement Date, will amount to the initial Broken Amount specified in the Pricing Supplement. If the Maturity Date is not an Interest Payment Date, interest from and including the preceding Interest Payment Date (or the Issue Date or, if different from the Issue Date, the Interest Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the final Broken Amount specified in the Pricing Supplement.

(ii) If interest is required to be calculated for a period of other than a full year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below), specified in the applicable Pricing Supplement.

“Day Count Fraction” means, in respect of the calculation of an amount of interest for any period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Calculation Period”):

(A) if Actual/Actual (ISMA) is specified in the Pricing Supplement:

(1) in the case of Notes where the number of days in the relevant Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the Pricing Supplement) that would occur in one calendar year; or

(2) in the case of Notes where the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of:

(α) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (x) the number of days in such

Determination Period and (y) the number of Determination Dates (as specified in the Pricing Supplement) that would occur in one calendar year, and

(β) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) if “30/360” is specified in the Pricing Supplement, the number of days in the relevant Calculation Period (such number of days being calculated on the basis of twelve 30-day months) divided by 360;

“Determination Period” means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

(b) Interest on a Floating Rate Note

(i) Interest Payment Dates

A Floating Rate Note bears interest from (and including) the Issue Date or, if different from the Issue Date, the Interest Commencement Date to (but excluding) the first Interest Payment Date (as defined below) and thereafter from (and including) each Interest Payment Date to (but excluding) the next following Interest Payment Date. Floating Rate Notes cease to bear interest on the Maturity Date. Interest will be payable on each interest payment date (each an “Interest Payment Date”). Interest Payment Date means (A) if Specified Interest Payment Dates are specified in the Pricing Supplement, each such Specified Interest Payment Date or (B) if Specified Periods are specified in the Pricing Supplement, each date which (except as otherwise specified in these Terms and Conditions or the Pricing Supplement) falls the number of months or other period(s) specified as the Specified Period in the Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Issue Date or, if different from the Issue Date, the Interest Commencement Date. Unless otherwise specified in the Pricing Supplement, if any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined in Condition 6(b)) and a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business in the Additional Business Center(s) specified in the Pricing Supplement, the Interest Payment Date shall be determined as set forth below, in accordance with the Business Day Convention specified in the Pricing Supplement.

(A) If Modified Following Business Day Convention is specified in the Pricing Supplement, the Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event the payment date shall be the immediately preceding Business Day.

(B) If Floating Rate Convention is specified in the Pricing Supplement, the Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) the payment date shall be the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the number of months or other periods specified in the Pricing Supplement after the preceding applicable payment date.

(C) If Following Business Day Convention is specified in the Pricing Supplement, the Interest Payment Date shall be postponed to the next day which is a Business Day.

(D) If Preceding Business Day Convention is specified in the Pricing Supplement, the Interest Payment Date shall be the immediately preceding Business Day.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of a Floating Rate Note will be determined in the manner specified in the Pricing Supplement.

(iii) ISDA Determination

Where so specified in the Pricing Supplement, interest will be payable on such dates and in such amounts as would have been payable by the relevant Issuer if it had entered into an interest rate swap transaction governed by an agreement in the form of the ISDA Master Agreement (an “ISDA Agreement”) published by the International Swaps and Derivatives Association Inc. (“ISDA”) and evidenced by a Confirmation (as defined in the ISDA Agreement) incorporating the 2000 ISDA Definitions (the “ISDA Definitions”), or any amended and

supplemented set of ISDA Definitions, published by ISDA and both as physically attached to the Note with the Noteholder under which:

- (A) the Issuer was the Floating Rate Payer;
- (B) the Issuing Agent was the Calculation Agent;
- (C) the Issue Date or, if different from the Issue Date, the Interest Commencement Date was the Effective Date;
- (D) the aggregate principal amount of the Note was the Notional Amount;
- (E) the Interest Payment Dates were the Floating Rate Payer Payment Dates; and
- (F) all other terms were as specified in the Pricing Supplement.

When the preceding sentence applies, in respect of each Interest Payment Date:

- (1) the amount of interest determined for such Interest Payment Date will be the Interest Amount for the Specified Period ending on such Interest Payment Date for the purposes of these Terms and Conditions as though determined under subparagraph (vi) below;
- (2) the Rate of Interest for such Specified Period will be the Floating Rate (as defined in the ISDA Definitions) determined by the Calculation Agent in accordance with the preceding sentence; and
- (3) the Calculation Agent will be deemed to have discharged its obligations under subparagraph (vi) below if it has determined the Rate of Interest and Interest Amount payable on such Interest Payment Date in the manner provided in the preceding sentence.

(iv) Screen Rate Determination

Where so specified in the Pricing Supplement, the Rate of Interest for each Specified Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded, if necessary, to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards, if EURIBOR has been specified as Reference Rate in the Pricing Supplement, or, if the specified Reference Rate is not EURIBOR, to the nearest one hundred thousandth of a percentage point, with 0.000005 being rounded upwards) of the offered quotations (expressed as a percentage rate per annum)

for deposits in the Specified Currency for such Specified Period which appears or appear, as the case may be, on the Relevant Screen Page (as specified in the Pricing Supplement) as at 11:00 a.m. (if the Specified Currency is Euro, Brussels time, or, if the Specified Currency is not Euro, London time, or such other time as specified in the Pricing Supplement) on the Interest Determination Date in question plus or minus the Margin (if any) (as specified in the Pricing Supplement), all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest rate, one only of such rates) and the lowest (or, if there is more than one such lowest rate, one only of such rates) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations and this rule shall apply *mutatis mutandis* throughout this subparagraph.

If the Relevant Screen Page is not available or if, in the case of (A) above, no such quotation appears or, in the case of (B) above, fewer than three of such offered quotations appear, in each case as at such time, the Calculation Agent shall request, if the Specified Currency is Euro, the principal Euro zone office or, if the Specified Currency is not Euro, the principal London office (or the principal office at such other place as specified in the Pricing Supplement) of each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for such Specified Period to leading banks in the, if the Specified Currency is Euro, Euro zone inter-bank market or, if the Specified Currency is not Euro, the London inter-bank market (or the inter-bank market in such other financial center as specified in the applicable Pricing Supplement) at approximately 11:00 a.m. (if the Specified Currency is Euro, Brussels time, or, if the Specified Currency is not Euro, London time, or such other time as specified in the Pricing Supplement) on the Interest Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Specified Period shall be the arithmetic mean (rounded, if necessary, to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards, if EURIBOR has been specified as Reference Rate in the

Pricing Supplement, or, if the specified Reference Rate is not EURIBOR, to the nearest one hundred thousandth of a percentage point, with 0.000005 being rounded upwards) of such offered quotation plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provide the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the Specified Period in question shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded, if necessary, to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards, if EURIBOR has been specified as Reference Rate in the Pricing Supplement, or, if the specified Reference Rate is not EURIBOR, to the nearest one hundred thousandth of a percentage point, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately 11:00 a.m. (if the Specified Currency is Euro, Brussels time, or, if the Specified Currency is not Euro, London time, or such other time as specified in the Pricing Supplement) on such Interest Determination Date, deposits in the Specified Currency for such Specified Period by leading banks in the, if the Specified Currency is Euro, Euro zone inter-bank market or, if the Specified Currency is not Euro, the London inter-bank market (or the inter-bank market in such other financial center as specified in the Pricing Supplement) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for such Specified Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for such Specified Period, at which, on such Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent and the Issuer suitable for such purpose) informs the Calculation Agent that it is quoting to leading banks in the, if the Specified Currency is Euro, Euro zone inter-bank market or, if the Specified Currency is not Euro, the London inter-bank market (or the inter-bank market in such other financial center as specified in the Pricing Supplement) (or, as the case may be, the quotations of such bank or banks to the Calculation Agent) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last day preceding the Interest Determination Date on which such quotations were offered plus or minus (as appropriate) the Margin (if any) (though substituting, where a different Margin is to be applied to such Specified Period from that which applied to the last preceding Specified Period, the Margin relating to such Specified Period in place of the Margin relating to the last preceding Specified Period).

In this Condition 4, the expression “Reference Banks” means, in the case of (A) above, those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and, in the case of (B) above, those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified as being other than, if the Specified Currency is Euro, the Euro zone inter-bank offered rate or, if the Specified Currency is not Euro, the London inter-bank offered rate (or the inter-bank offered rate in such other financial center as specified in the applicable Pricing Supplement), the Rate of Interest in respect of such Notes will be determined as provided in the Pricing Supplement.

(v) Minimum and/or Maximum Rate of Interest

If the Pricing Supplement specifies a minimum Rate of Interest for any Specified Period then, in the event that the Rate of Interest in respect of such Specified Period determined in accordance with the above provisions is less than the minimum Rate of Interest, the Rate of Interest for such Specified Period shall be the minimum Rate of Interest. If the Pricing Supplement specifies a maximum Rate of Interest for any Specified Period then, in the event that the Rate of Interest in respect of such Specified Period determined in accordance with the above provisions is greater than the maximum Rate of Interest, the Rate of Interest for such Specified Period shall be the maximum Rate of Interest.

(vi) Determination of Rate of Interest and Calculation of Interest Amount

The Calculation Agent will, on or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest and calculate the amount of interest (the “Interest Amount”) payable on this Floating Rate Note in respect of each Specified Denomination for the Specified Period in question. Each Interest Amount shall be calculated by applying the Rate of Interest and the Day Count Fraction to each Specified Denomination, and rounding the resultant figure, if the Specified Currency is a currency other than Euro, to the nearest sub-unit of the Specified Currency, one half of any such sub-unit being rounded upwards, and if the Specified Currency is Euro, to the nearest 0.01 Euro, 0.005 Euro being rounded upwards.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Floating Rate Note for any period other than a full year from and including the most recent Interest Payment Date (or, if none, the Issue Date, or if different from the Issue Date, the Interest Commencement Date) to but excluding the relevant payment date (the “Calculation Period”):

- (A) if “Actual/365” or “Actual/Actual” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (B) if “Actual/365 (Fixed)” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (C) if “Actual/365 (Sterling)” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (D) if “Actual/360” is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (E) if “30/360”, “360/360” or “Bond Basis” is specified in the Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (1) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (2) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (F) if “30E/360” or “Eurobond Basis” is specified in the Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

(vii) Notification of Rate of Interest and Interest Amount

The Calculation Agent will cause the Rate of Interest, each Interest Amount for each Specified Period, each Specified Period, and the relating Interest Payment Date to be notified to the Issuer and to the Noteholders in accordance with Condition 11 as soon as possible after their determination but in no event later than the fourth Business Day (as defined below) in London or such other financial center as specified in the applicable Pricing Supplement. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Specified Period. Any such amendment will be promptly notified to the Noteholders in accordance with Condition 11.

(viii) Determinations to be Final

All determinations made for the purpose of the provisions of this paragraph (b) by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Issuing Agent, the Registrar and all Noteholders.

(c) Index-linked Interest Note and Dual Currency Note

In the case of an Index-linked Interest Note or Dual Currency Note, if the rate or amount of interest falls to be determined by reference to an Index and/or a Formula or, as the case may be, a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the Pricing Supplement.

(d) Partly-Paid Note

In the case of a Partly-Paid Note, interest will accrue as aforesaid on the paid-up nominal amount of such Note and otherwise as specified in the Pricing Supplement.

(e) Accrual of Interest

The Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear

interest (if any) from the due date for such redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue beyond the due date until the actual redemption of the Note (or the respective part thereof) but not beyond the beginning of the fourteenth day after a notice has been given by the Issuing Agent in accordance with Condition 11 to the effect that the necessary funds for redemption have been provided to the Issuing Agent. The rate of interest shall in such case be the general rate of interest provided for the Note as specified in the Pricing Supplement.

5. Redemption and Purchase

(a) At Maturity

Unless the Notes are Perpetual Notes, as set forth in the Pricing Supplement, and unless previously redeemed in whole or in part or purchased and canceled as specified below, the Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the Pricing Supplement in the Specified Currency on the Maturity Date specified in the Pricing Supplement (in the case of a Note other than a Floating Rate Note) or on the Interest Payment Date falling in the Redemption Month specified in the Pricing Supplement (in the case of a Floating Rate Note).

(b) Pricing Supplement

The Pricing Supplement in relation to any Note will specify either:

- (i) that the Note cannot be redeemed prior to its Maturity Date or, if the Note is a Floating Rate Note, the Interest Payment Date falling in the Redemption Month; or
- (ii) that the Note will be redeemable at the option of the Issuer prior to the Maturity Date or, as the case may be, the Interest Payment Date falling in the Redemption Month in accordance with the provisions of paragraphs (c) and/or (d) below on the date or dates and at the amount or amounts specified in the Pricing Supplement.

(c) Redemption at the Option of the Issuer

If so specified in the Pricing Supplement, the Issuer may, having (unless otherwise specified in the Pricing Supplement) given not more than 60 nor less than 30 days' notice to the Issuing Agent and, in accordance with Condition 11, the Noteholders (which notice shall be irrevocable), the Note then outstanding in whole or in part on the Optional Redemption Date(s) at the Optional Redemption Amount specified in, or determined in the manner specified in, the Pricing Supplement together, if appropriate, with accrued interest. In the event of a redemption of the Note in part, such redemption must be of a nominal amount being not lower than the Minimum Redemption Amount and not higher than the Maximum Redemption Amount, both as specified in the Pricing Supplement.

(d) Installments

If the Note is repayable in installments, it will be redeemed in the Installment Amounts and on the Installment Dates specified in the Pricing Supplement.

(e) Purchases

The Issuer or any of its affiliates may at any time purchase the Note. The Note purchased by the Issuer as aforesaid may, at the option of the Issuer, be held, resold or surrendered for cancellation.

(f) Cancellation

The Note redeemed in full upon its becoming due and payable will be canceled forthwith and may not be reissued or resold.

(g) Late Payment on Zero Coupon Notes

Should the Issuer fail to pay upon presentation of a Zero Coupon Note the amount due, interest at the rate of the Amortization or Accrual Yield specified in the Pricing Supplement shall accrue from the due date until the actual redemption of such Zero Coupon Note, but not beyond the beginning of the fourteenth day after a notice has been given by the Issuing Agent in accordance with Condition 11 to the effect that the necessary funds for redemption have been provided to the Issuing Agent.

6. Payments

Payment of principal and interest in respect of the Note shall be made on the respective due date therefor to the person shown on the Register as the Noteholder at the close of business on the fifteenth Business Day before such due date (the “Record Date”).

(a) Method of Payment

Subject as provided below:

- (i) payments of amounts due in respect of Notes denominated in a currency other than Euro will be made by transfer to an account in the Specified Currency (which expression shall mean the freely negotiable and convertible currency which on the respective due date is the legal tender in the country of the Specified Currency) maintained by the payee with a bank in the principal financial center of the country of the Specified Currency notified to the Issuing Agent no later than the Record Date; and
- (ii) payments of amounts due in respect of Notes denominated in Euro will be made in Euro by transfer to a Euro account maintained by the payee with a bank in a principal financial center of a country which on the due date for payment is a participating member state of the European Monetary Union notified to the Issuing Agent no later than the Record Date;
- (iii) payment will be subject in all cases to applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8.

(b) Payment Day

If the date for payment in respect of any Note is not (i) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign currencies) in the principal financial center of the country where the account of the payee is maintained in accordance with the foregoing and (ii) a Business Day (as defined below), then the Noteholder shall not be entitled to payment until the next such payment day in such place and shall not be entitled to further interest or other payment in respect of such delay.

“Business Day” means (unless otherwise specified in the Pricing Supplement) a day which is:

- (i) in relation to a Note denominated in a currency other than Euro a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in London and settle payments in the principal financial center of the country of the Specified Currency and such Additional Financial Center(s) (if any), as specified in the Pricing Supplement; and
- (ii) in relation to a Note denominated in Euro, a day on which all relevant parts of the Trans-European Automated Real-time Gross settlement Express Transfer system (“TARGET”) are operational to effect the relevant payment and, if so specified in the Pricing Supplement, a day on which commercial banks and foreign exchange markets are open for business and settle payments in such Additional Financial Center(s) as specified in the Pricing Supplement.

(c) Interpretation of Principal and Interest

Any reference in these Terms and Conditions to the “principal” or “principal amount” of the Note shall be deemed to include, as applicable:

- (i) the Final Redemption Amount of the Note;
- (ii) the Optional Redemption Amount(s) (if any) of the Note;
- (iii) in relation to a Note redeemable in installments, the Installment Amounts; and
- (iv) any premium and other amounts which may be payable under or in respect of the Note.

7. Issuing Agent, Registrar and Calculation Agent

The names of the initial Issuing Agent and Registrar and the initial Calculation Agent (if any, and provided that it is different from the Issuing Agent) and their initial specified offices are set out on the relevant Note.

The Issuer is entitled to vary or terminate the appointment of any Issuing Agent and Registrar or Calculation Agent (if any, and provided that it is different from the Issuing Agent) and/or appoint another Issuing Agent and Registrar or Calculation Agent and/or approve any change in the specified office through which any Issuing Agent and Registrar and Registrar or Calculation Agent (if any) acts, provided that:

- (i) there will at all times be an Issuing Agent and Registrar; and
- (ii) to the extent that a Calculation Agent is required to be appointed, there will at all times be a Calculation Agent.

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholder in accordance with Condition 11 provided that no such variation, termination, appointment or change shall take effect (except in the case of insolvency) within 15 days before or after any Interest Payment Date, as the case may be.

The Issuing Agent, the Registrar and the Calculation Agent (if any) act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Noteholder.

8. Taxation

Principal and interest in respect of this Note shall be payable without deduction or withholding for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever imposed, levied or collected by or in the Federal Republic of Germany or, if any Note is issued through a branch, the jurisdiction where such branch is established, or by or on behalf of any political subdivision or authority thereof or therein having power to tax, unless such deduction or withholding is required by law.

9. Replacement of the Note

If this Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the applicant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Note must be surrendered before a replacement Note will be issued.

10. Prescription Period

The obligations of the Issuer to pay principal and interest in respect of this Note shall be prescribed (i) in respect of principal upon the expiry of 10 years following the respective due date for the payment of principal and (ii) in respect of interest upon the expiry of 4 years following the respective due date for the relevant payment of interest.

11. Notices

Notices to the Noteholder may be given, and are valid if given, by post, telex or fax at the address, telex number or fax number of the Noteholder appearing in the Register.

12. Applicable Law, Place of Performance and Place of Jurisdiction

(a) This Note, as to form and content, and all rights and duties of the Noteholders, the Issuer, the Issuing Agent, the Registrar and the Calculation Agent shall in all respects be subject to the law of the Federal Republic of Germany.

(b) The place of performance shall be Munich.

(c) The place of jurisdiction for all proceedings arising out of or in connection with this Note shall be Munich. The Noteholder, however, may also pursue its claims before any other courts having jurisdiction over the Issuer. The Issuer hereby submits to the jurisdiction of the courts referred to in this paragraph.

(d) Should any provision of these Terms and Conditions be or become void, the other provisions shall remain in force. Such provisions as are void or cannot be given effect shall be replaced in accordance with the meaning and purpose of these Terms and Conditions.

GERMAN-MARKET TERMS AND CONDITIONS

The following are the Terms and Conditions of the fixed-rate or floating rate Euro denominated Notes which (subject to completion and amendment, as agreed between the Issuer and the relevant Dealer/Lead Manager and together with any documents requiring to be attached hereto) will be physically attached to each Temporary Global Note (German version), Permanent Global Note (German version) or Collective Global Note (German version) and endorsed upon each Definitive Note (German version) (if any) that is to be deposited with Clearstream, Frankfurt. To the extent that German-Market Notes will be offered to retail investors in Germany or will be listed on a German stock exchange, the binding version of the applicable German-Market Terms and Conditions will be in the German language. If so agreed between the Issuer and the relevant Dealer(s), a non-binding English translation will be prepared for convenience only.

Anleihebedingungen

§ 1

(Form und Nennbetrag)

(1) Die Anleihe der Hypo Real Estate Bank Aktiengesellschaft **[im Fall der Begebung durch eine ausländische Zweigniederlassung einfügen: , Zweigniederlassung [Ort der Zweigniederlassung einfügen],]** (die „Anleiheschuldnerin“) im Gesamtnennbetrag von Euro **[Gesamtnennbetrag einfügen]** (Euro **[Gesamtnennbetrag in Worten einfügen]**) ist eingeteilt in untereinander gleichberechtigte auf den Inhaber lautende Teilschuldverschreibungen (die „Teilschuldverschreibungen“) wie folgt:

[Anwendbare Stückelungen einfügen]

(2) **[Bei vorläufiger Global-Inhaberschuldverschreibung, die gegen Einzelurkunden ausgetauscht wird, einfügen:** Die Teilschuldverschreibungen sind anfänglich in einer vorläufigen Global-Inhaberschuldverschreibung ohne Zinsschein verbrieft, die bei der Clearstream Banking AG hinterlegt wird. Die vorläufige Global-Inhaberschuldverschreibung wird **[bei Anwendbarkeit der TEFRA D Regeln einfügen:** am oder nach dem 40. Tag (der „Austauschtag“) nach dem **[Datum des Valutierungstages einfügen]** (der „Valutierungstag“) nur nach Vorlage von Bescheinigungen (im wesentlichen in der Form von Certificate A und B, wie in Anlage 1 hierzu enthalten, wonach der oder die wirtschaftlichen Eigentümer der durch die vorläufige Global-Inhaberschuldverschreibung verbrieften Teilschuldverschreibungen keine U.S. Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten) (die „Nicht-U.S.-Bescheinigungen“)] **[bei Anwendbarkeit der TEFRA C Regeln einfügen:** so bald wie möglich nach dem **[Datum des Valutierungstages einfügen]** (der „Valutierungstag“), gegen Einzelurkunden ausgetauscht. Jeder Einzelkunde sind **[Anzahl der Zinsscheine einfügen]** auf den Inhaber lautende Jahreszinsscheine (die „Zinsscheine“) [und ein Talon]⁽¹⁾ beigefügt. Die Anleiheschuldnerin behält sich vor, einen Teil der Einzelurkunden in einer oder mehreren auf den Inhaber lautenden technischen Globalurkunden mit Sammel-Zinsscheinen zu verbrieften, die bei der Clearstream Banking AG hinterlegt werden. Die Anleiheschuldnerin wird die technischen Globalurkunden gegen die entsprechende Anzahl von auf den Inhaber lautenden Einzelurkunden zusammen mit der entsprechenden Anzahl von Zinsscheinen insoweit austauschen, wie dies zur Erfüllung von Auslieferungsverlangen für Teilschuldverschreibungen an die Inhaber der Teilschuldverschreibungen (die „Anleihegläubiger“) erforderlich ist. Die Einzelurkunden und die Zinsscheine tragen einen Prägestempel der Anleiheschuldnerin und die faksimilierten Unterschriften von zwei vertretungsberechtigten Repräsentanten der Anleiheschuldnerin. Die Einzelurkunden tragen ferner die eigenhändige Unterschrift eines Kontrollbeauftragten der Hypo Real Estate Bank Aktiengesellschaft.]

(3) **[Bei vorläufiger Global-Inhaberschuldverschreibung, die gegen Dauer-Global-Inhaberschuldverschreibung ausgetauscht wird, einfügen:** Die Teilschuldverschreibungen sind anfänglich in einer vorläufigen Global-Inhaberschuldverschreibung ohne Zinsschein verbrieft, die die eigenhändigen oder faksimilierten Unterschriften von zwei vertretungsberechtigten Repräsentanten der Anleiheschuldnerin sowie die eigenhändige Unterschrift eines Kontrollbeauftragten der Hypo Real Estate Bank Aktiengesellschaft trägt und bei der Clearstream Banking AG hinterlegt wird. Die vorläufige Global-Inhaberschuldverschreibung wird am oder nach dem 40. Tag (der „Austauschtag“) nach dem **[Datum des Valutierungstages einfügen]** (der „Valutierungstag“) nur nach Vorlage von Bescheinigungen (im wesentlichen in der Form von Certificate A und B, wie in Anlage 1 hierzu enthalten), wonach der oder die wirtschaftlichen Eigentümer der durch die vorläufige Global-Inhaberschuldverschreibung verbrieften Teilschuldverschreibungen keine U.S. Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten (die „Nicht-U.S.-Bescheini-

⁽¹⁾ Unzutreffendes streichen.

gungen“) gegen eine Dauer-Global-Inhaberschuldverschreibung ausgetauscht. Die Inhaber der Teilschuldverschreibungen (die „Anleihegläubiger“) haben keinen Anspruch auf Ausgabe von Einzelurkunden. Die Teilschuldverschreibungen sind als Miteigentumsanteile an der vorläufigen bzw. Dauer-Global-Inhaberschuldverschreibung nach den einschlägigen Bestimmungen der Clearstream Banking AG übertragbar. Die Zinsansprüche ergeben sich aus der Dauer-Global-Inhaberschuldverschreibung.]

(4) **[Bei Dauer-Global-Inhaberschuldverschreibung ab dem Valutierungstag einfügen:** Die Teilschuldverschreibungen sind in einer auf den Inhaber lautenden Dauer-Global-Inhaberschuldverschreibung ohne Zinsscheine verbrieft (die „Global-Inhaberschuldverschreibung“), die die eigenhändigen oder faksimilierten Unterschriften von zwei vertretungsberechtigten Repräsentanten der Anleiheschuldnerin sowie die eigenhändige Unterschrift eines Kontrollbeauftragten der Hypo Real Estate Bank Aktiengesellschaft trägt und bei der Clearstream Banking AG hinterlegt wird. Die Inhaber der Teilschuldverschreibungen (die „Anleihegläubiger“) haben keinen Anspruch auf Ausgabe von Einzelurkunden. Die Teilschuldverschreibungen sind als Miteigentumsanteile an der Global-Inhaberschuldverschreibung nach den einschlägigen Bestimmungen der Clearstream Banking AG übertragbar. Die Zinsansprüche ergeben sich aus der Global-Inhaberschuldverschreibung.]

§ 2 (Verzinsung)

[Bei Festverzinslichen Schuldverschreibungen einfügen:

(1) Die Teilschuldverschreibungen werden vom **[Verzinsungsbeginn einfügen]** (der „Verzinsungsbeginn“) an (einschließlich) mit **[Zinssatz einfügen]** jährlich verzinst. Die Zinsen sind jährlich nachträglich am **[Zinszahlungstag(e) einfügen]** eines jeden Jahres zahlbar (jeweils ein „Zinszahlungstag“), erstmals am **[ersten Zinszahlungstag einfügen]**. **[Im Falle von Einzelurkunden einfügen:** Die Zahlung der fälligen Zinsen erfolgt gegen Einreichung der Zinsscheine.] Falls Stückzinsen zu berechnen sind, erfolgt die Berechnung unter Zugrundelegung des Zinstagequotienten (wie nachstehend definiert).

„Zinstagequotient“ bezeichnet im Hinblick auf die Berechnung des auf eine Teilschuldverschreibung entfallenden Zinsbetrages für einen Zeitraum vom letzten Zinszahlungstag (oder gegebenenfalls dem Verzinsungsbeginn) (einschließlich) bis zu dem Tag, an dem Zinsen fällig werden (ausschließlich), (der „Zinsberechnungszeitraum“):

[Im Falle von Actual/Actual (ISMA) einfügen:

- (a) soweit der Zinsberechnungszeitraum gleich lang oder kürzer als die fiktive Zinsperiode (wie nachstehend definiert) ist, während der der Zinsberechnungszeitraum endet, die tatsächliche Anzahl von Tagen in dem Zinsberechnungszeitraum dividiert durch das Produkt aus
 - (i) der Anzahl von Tagen in der fiktiven Zinsperiode und
 - (ii) der Anzahl von fiktiven Zinszahlungstagen (wie nachstehend definiert), die in ein Kalenderjahr fallen würden; oder
- (b) soweit der Zinsberechnungszeitraum länger ist als die fiktive Zinsperiode, während der der Zinsberechnungszeitraum endet, die Summe
 - (i) der Anzahl von Tagen in dem Zinsberechnungszeitraum, die in die fiktive Zinsperiode fallen, während der der Zinsberechnungszeitraum beginnt, dividiert durch das Produkt aus (A) der Anzahl von Tagen in dieser fiktiven Zinsperiode und (B) der Anzahl von fiktiven Zinszahlungstagen, die in ein Kalenderjahr fallen würden, und
 - (ii) der Anzahl von Tagen in dem Zinsberechnungszeitraum, die in die nächste fiktive Zinsperiode fallen, dividiert durch das Produkt aus (A) der Anzahl von Tagen in dieser fiktiven Zinsperiode und (B) der Anzahl von fiktiven Zinszahlungstagen, die in ein Kalenderjahr fallen würden.

„Fiktive Zinsperiode“ bedeutet jeder Zeitraum von einem fiktiven Zinszahlungstag (oder gegebenenfalls von dem Verzinsungsbeginn) (einschließlich) zum nächsten fiktiven Zinszahlungstag (ausschließlich). (Für den Fall, daß weder der Verzinsungsbeginn noch der letzte vorgesehene Zinszahlungstag auf einen fiktiven Zahlungstag fallen, ist der Zeitraum von dem unmittelbar vor dem Verzinsungsbeginn bzw. dem letzten vorgesehenen Zinszahlungstag liegenden fiktiven Zahlungstag bis zu dem unmittelbar nach dem Verzinsungsbeginn bzw. dem letzten vorgesehenen Zinszahlungstag liegenden fiktiven Zahlungstag einzubeziehen.)

„Fiktiver Zinszahlungstag“ bedeutet **[fiktive(n) Zinszahlungstag(e) einfügen].]**

[Im Falle von 30/360 einfügen: die Anzahl von Tagen in dem Zinsberechnungszeitraum, dividiert durch 360, wobei die Anzahl der Tage auf der Grundlage eines Jahres von 360 Tagen mit zwölf Monaten zu je 30 Tagen zu ermitteln ist.]

[Bei Anwendbarkeit der TEFRA D Regeln einfügen: Vor dem Austauschtag erfolgen Zinszahlungen nur nach Vorlage der Nicht-U.S.-Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Zinszahlung erforderlich.]]

[Bei variabel verzinslichen Schuldverschreibungen einfügen:

(1) (a) Die Teilschuldverschreibungen werden vom **[Verzinsungsbeginn einfügen]** (der „Verzinsungsbeginn“) an (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) und danach von jedem Zinszahlungstag (einschließlich) bis zum nächstfolgenden Zinszahlungstag (ausschließlich) verzinst. Zinsen auf die Teilschuldverschreibungen sind an jedem Zinszahlungstag zahlbar.

(b) „Zinszahlungstag“ bedeutet

[bei festen Zinszahlungstagen einfügen: jeder **[feste(n) Zinszahlungstag(e) einfügen].]**

[bei festen Zinsperioden einfügen: (soweit diese Anleihebedingungen keine abweichenden Bestimmungen vorsehen) jeweils der Tag, der **[Zahl einfügen]** [Wochen] [Monate] **[andere maßgebliche Zeiträume einfügen]**⁽¹⁾ nach dem vorausgehenden Zinszahlungstag liegt, oder im Fall des ersten Zinszahlungstages, nach dem Verzinsungsbeginn.]

(c) Fällt ein Zinszahlungstag auf einen Tag, der kein Bankgeschäftstag (wie nachstehend definiert) ist, so wird der Zinszahlungstag:

[bei Anwendung der Modified Following Business Day Convention einfügen: auf den nächstfolgenden Bankgeschäftstag verschoben, es sei denn, jener Bankgeschäftstag würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall wird der Zinszahlungstag auf den unmittelbar vorausgehenden Bankgeschäftstag vorgezogen.]

[bei Anwendung der Floating Rate Convention einfügen: auf den nächstfolgenden Bankgeschäftstag verschoben, es sei denn, jener würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall (i) wird der Zinszahlungstag auf den unmittelbar vorausgehenden Bankgeschäftstag vorgezogen und (ii) jeder nachfolgende Zinszahlungstag ist fortan der jeweils letzte Bankgeschäftstag des Monats, der **[[Zahl einfügen]** Monate] **[andere festgelegte Zeiträume einfügen]**⁽¹⁾ nach dem vorhergehenden anwendbaren Zinszahlungstag liegt.]

[bei Anwendung der Following Business Day Convention einfügen: auf den nächstfolgenden Bankgeschäftstag verschoben.]

[bei Anwendung der Preceding Business Day Convention einfügen: auf den unmittelbar vorausgehenden Bankgeschäftstag vorgezogen.]

(d) „Bankgeschäftstag“ im Sinne dieses § 2 ist jeder Tag, an dem Geschäftsbanken in Frankfurt am Main **[und gegebenenfalls andere relevante Finanzzentren einfügen]**⁽¹⁾ geöffnet sind und Zahlungen in Euro über das Trans-European Automated Real-time Gross settlement Express Transfer system („TARGET“) abgewickelt werden können.

(2) **[Bei Bildschirmfeststellung einfügen:** Der Zinssatz (der „Zinssatz“) für jede Zinsperiode (wie nachstehend definiert) ist, sofern nachstehend nichts Abweichendes bestimmt ist, entweder:

(a) der Angebotssatz (wenn nur ein Angebotssatz auf der Bildschirmseite (wie nachstehend definiert) angezeigt ist); oder

(b) das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste **[falls der Referenzsatz EURIBOR ist, einfügen:** tausendstel Prozent, wobei 0,0005] **[falls der Referenzsatz nicht EURIBOR ist, einfügen:** hunderttausendstel Prozent, wobei 0,000005] aufgerundet wird) der Angebotssätze (ausgedrückt als Prozentsatz per annum) für Einlagen in Euro für die jeweilige Zinsperiode, der bzw. die auf der Bildschirmseite am Zinsfestlegungstag (wie nachstehend definiert) gegen 11:00 Uhr ([Brüsseler] **[anderes Finanzzentrum einfügen]**⁽¹⁾ Zeit) angezeigt werden **[im Fall einer Marge einfügen:** [zuzüglich] [abzüglich]⁽¹⁾ der Marge (wie nachstehend definiert)], wobei alle Festlegungen durch die Berechnungsstelle (wie nachstehend definiert) erfolgen.

„Zinsperiode“ bezeichnet den Zeitraum vom Verzinsungsbeginn (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) bzw. von jedem Zinszahlungstag (einschließlich) bis zum jeweils darauffolgenden Zinszahlungstag (ausschließlich).

⁽¹⁾ Unzutreffendes streichen.

„Zinsfestlegungstag“ bezeichnet den [zweiten] **[zutreffende andere Zahl von Tagen einfügen]**⁽¹⁾ Bankgeschäftstag (wie in Absatz 1 (d) definiert) vor Beginn der jeweiligen Zinsperiode.

[Im Fall einer Marge einfügen: Die „Marge“ beträgt []% per annum.]

„Berechnungsstelle“ ist **[Berechnungsstelle einfügen]**.

„Bildschirmseite“ bedeutet **[Bildschirmseite einfügen]**.

[Im Fall einer anderweitigen Basis zur Bestimmung des Zinssatzes, alle Einzelheiten hier einfügen.]

Wenn im vorstehenden Fall (b) auf der maßgeblichen Bildschirmseite fünf oder mehr Angebotssätze angezeigt werden, werden der höchste (falls mehr als ein solcher Höchstsatz angezeigt wird, nur einer dieser Sätze) und der niedrigste Angebotssatz (falls mehr als ein solcher Niedrigstsatz angezeigt wird, nur einer dieser Sätze) von der Berechnungsstelle für die Bestimmung des arithmetischen Mittels der Angebotssätze (das wie vorstehend beschrieben auf- oder abgerundet wird) außer acht gelassen; diese Regel gilt entsprechend für diesen gesamten Absatz 2.

Sollte die maßgebliche Bildschirmseite nicht zur Verfügung stehen oder wird im Fall von oben (a) kein Angebotssatz angezeigt oder werden im Fall von oben (b) weniger als drei Angebotssätze angezeigt (in jedem dieser Fälle zu der genannten Zeit), wird die Berechnungsstelle von den [Euro Zone] **[anderes Finanzzentrum einfügen]**⁽¹⁾ Hauptniederlassungen jeder der Referenzbanken (wie nachstehend definiert) deren jeweilige Angebotssätze (jeweils als Prozentsatz per annum ausgedrückt) für Einlagen in Euro für die betreffende Zinsperiode gegenüber führenden Banken im [Euro Zone] **[anderes Finanzzentrum einfügen]**⁽¹⁾ Interbanken-Markt um ca. 11:00 ([Brüsseler] **[anderes Finanzzentrum einfügen]**⁽¹⁾ Zeit) am Zinsfestlegungstag anfordern. Falls zwei oder mehr Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, ist der Zinssatz für die betreffende Zinsperiode das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste **[falls der Referenzsatz EURIBOR ist, einfügen:** tausendstel Prozent, wobei 0,0005] **[falls der Referenzsatz nicht EURIBOR ist, einfügen:** hunderttausendstel Prozent, wobei 0,000005] aufgerundet wird) dieser Angebotssätze **[im Fall einer Marge einfügen:** [zuzüglich] [abzüglich]⁽¹⁾ der Marge], wobei alle Festlegungen durch die Berechnungsstelle erfolgen.

Falls an einem Zinsfestlegungstag nur eine oder keine Referenzbank der Berechnungsstelle solche im vorstehenden Absatz beschriebenen Angebotssätze nennt, ist der Zinssatz für die betreffende Zinsperiode der Satz per annum, den die Berechnungsstelle als das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste **[falls der Referenzsatz EURIBOR ist, einfügen:** tausendstel Prozent, wobei 0,0005] **[falls der Referenzsatz nicht EURIBOR ist, einfügen:** hunderttausendstel Prozent, wobei 0,000005] aufgerundet wird) der Angebotssätze ermittelt, die die Referenzbanken bzw. zwei oder mehrere von ihnen der Berechnungsstelle auf deren Anfrage als den jeweiligen Satz nennen, zu dem ihnen um ca. 11:00 Uhr ([Brüsseler] **[anderes Finanzzentrum einfügen]**⁽¹⁾ Zeit) an dem betreffenden Zinsfestlegungstag Einlagen in Euro für die betreffende Zinsperiode von führenden Banken im [Euro Zone] **[anderes Finanzzentrum einfügen]**⁽¹⁾ Interbanken-Markt angeboten werden **[im Fall einer Marge einfügen:** [zuzüglich] [abzüglich]⁽¹⁾ der Marge]; falls weniger als zwei der Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, dann soll der Zinssatz für die betreffende Zinsperiode der Angebotssatz für Einlagen in Euro für die betreffende Zinsperiode oder das arithmetische Mittel (gerundet wie oben beschrieben) der Angebotssätze für Einlagen in Euro für die betreffende Zinsperiode sein, den bzw. die eine oder mehrere Banken (die nach Ansicht der Berechnungsstelle und der Anleiheschuldnerin für diesen Zweck geeignet sind) der Berechnungsstelle als Sätze bekannt geben, die sie an dem betreffenden Zinsfestlegungstag gegenüber führenden Banken im [Euro Zone] **[anderes Finanzzentrum einfügen]**⁽¹⁾ Interbanken-Markt nennen (bzw. den diese Banken gegenüber der Berechnungsstelle nennen) **[im Fall einer Marge einfügen:** [zuzüglich] [abzüglich]⁽¹⁾ der Marge]. Für den Fall, daß der Zinssatz nicht gemäß den vorstehenden Bestimmungen dieses Absatzes ermittelt werden kann, ist der Zinssatz der Angebotssatz oder das arithmetische Mittel der Angebotssätze auf der Bildschirmseite, wie vorstehend beschrieben, an dem letzten Tag vor dem Zinsfestlegungstag, an dem diese Angebotssätze angezeigt wurden **[im Fall einer Marge einfügen:** [zuzüglich] [abzüglich]⁽¹⁾ der Marge] (wobei jedoch, falls für die relevante Zinsperiode eine andere Marge als für die unmittelbar vorhergehende Zinsperiode gilt, die relevante Marge an die Stelle der Marge für die vorhergehende Zinsperiode tritt).

„Referenzbanken“ bezeichnen im vorstehenden Fall (a) diejenigen Banken, deren Angebotssätze zur Ermittlung des maßgeblichen Angebotssatzes zu dem Zeitpunkt benutzt wurden, als solch ein Angebot letztmals auf der maßgeblichen Bildschirmseite angezeigt wurde, und im vorstehenden Fall (b) diejenigen Banken, deren Angebotssätze zuletzt zu dem Zeitpunkt auf der maßgeblichen Bildschirmseite angezeigt wurden, als nicht weniger als drei solcher Angebotssätze angezeigt wurden. **[Namen der Referenzbanken einfügen]**⁽¹⁾

⁽¹⁾ Unzutreffendes streichen.

[Wenn der Referenzsatz ein anderer als BBA LIBOR oder EURIBOR ist, sind die entsprechenden Einzelheiten anstelle der Bestimmungen dieses Absatzes 2 einzufügen.]

[Sofern eine andere Methode der Feststellung anwendbar ist, sind die entsprechenden Einzelheiten anstelle der Bestimmungen dieses Absatzes 2 einzufügen.]

[(3) [Falls ein Mindestzinssatz gilt, einfügen: Wenn der gemäß den obigen Bestimmungen für eine Zinsperiode ermittelte Zinssatz niedriger ist als **[Mindestzinssatz einfügen]**, so ist der Zinssatz für die Zinsperiode **[Mindestzinssatz einfügen].]**

[Falls ein Höchstzinssatz gilt, einfügen: Wenn der gemäß den obigen Bestimmungen für eine Zinsperiode ermittelte Zinssatz höher ist als **[Höchstzinssatz einfügen]**, so ist der Zinssatz für die Zinsperiode **[Höchstzinssatz einfügen].]**

[(3)][(4)]⁽¹⁾ Die Berechnungsstelle wird zu oder baldmöglichst nach jedem Zeitpunkt, an dem der Zinssatz zu bestimmen ist, den Zinssatz bestimmen und den auf die Teilschuldverschreibungen zahlbaren Zinsbetrag in bezug auf jede Stückelung (der „Zinsbetrag“) für die entsprechende Zinsperiode berechnen. Der Zinsbetrag wird ermittelt, indem der Zinssatz und der Zinstagequotient (wie nachstehend definiert) auf jede Stückelung angewendet werden, wobei der resultierende Betrag auf 0,01 Cent auf- oder abgerundet wird, wobei 0,005 Cent aufgerundet werden.

„Zinstagequotient“ bezeichnet im Hinblick auf die Berechnung des auf eine Teilschuldverschreibung entfallenden Zinsbetrages für einen anderen Zeitraum als ein volles Jahr vom letzten Zinszahlungstag (oder gegebenenfalls Verzinsungsbeginn) (einschließlich) bis zu dem Tag, an dem Zinsen fällig werden (ausschließlich) (der „Zinsberechnungszeitraum“):

[im Falle von Actual/365 oder Actual/Actual einfügen: die tatsächliche Anzahl von Tagen in dem Zinsberechnungszeitraum, dividiert durch 365 (oder, falls ein Teil dieses Zinsberechnungszeitraumes in ein Schaltjahr fällt, die Summe aus (A) der tatsächlichen Anzahl der in das Schaltjahr fallenden Tage des Zinsberechnungszeitraums dividiert durch 366 und (B) der tatsächlichen Anzahl der nicht in das Schaltjahr fallenden Tage des Zinsberechnungszeitraums dividiert durch 365).]

[im Falle von Actual/365 (Fixed) einfügen: die tatsächliche Anzahl von Tagen in dem Zinsberechnungszeitraum dividiert durch 365.]

[im Falle von Actual/365 (Sterling) einfügen: die tatsächliche Anzahl von Tagen in dem Zinsberechnungszeitraum dividiert durch 365 oder, sollte der Zinszahlungstag in ein Schaltjahr fallen, 366.]

[im Falle von Actual/360 einfügen: die tatsächliche Anzahl von Tagen in dem Zinsberechnungszeitraum dividiert durch 360.]

[im Falle von 30/360 oder 360/360 oder Bond Basis einfügen: die Anzahl von Tagen in dem Zinsberechnungszeitraum dividiert durch 360, wobei die Anzahl der Tage auf der Grundlage eines Jahres von 360 Tagen mit zwölf Monaten zu je 30 Tagen zu ermitteln ist (es sei denn, (A) der letzte Tag des Zinsberechnungszeitraums fällt auf den 31. Tag eines Monats, während der erste Tag des Zinsberechnungszeitraums weder auf den 30. noch auf den 31. Tag eines Monats fällt, wobei in diesem Fall der diesen Tag enthaltende Monat nicht als ein auf 30 Tage gekürzter Monat zu behandeln ist, oder (B) der letzte Tag des Zinsberechnungszeitraums fällt auf den letzten Tag des Monats Februar, wobei in diesem Fall der Monat Februar nicht als ein auf 30 Tage verlängerter Monat zu behandeln ist.)]

[im Falle von 30E/360 oder Eurobond Basis einfügen: die Anzahl der Tage in dem Zinsberechnungszeitraum dividiert durch 360 (dabei ist die Anzahl der Tage auf der Grundlage eines Jahres von 360 Tagen mit zwölf Monaten zu 30 Tagen zu ermitteln, und zwar ohne Berücksichtigung des ersten oder letzten Tages des Zinsberechnungszeitraums, wobei dann, wenn der letzte Tag des Zinsberechnungszeitraums auf den Fälligkeitstag fällt und der Fälligkeitstag der letzte Tag des Monats Februar ist, der Monat Februar nicht als ein auf 30 Tage verlängerter Monat zu behandeln ist.)]

[(4)][(5)]⁽¹⁾ Die Berechnungsstelle wird veranlassen, daß der Zinssatz, der Zinsbetrag für die jeweilige Zinsperiode, die jeweilige Zinsperiode und der relevante Zinszahlungstag der Anleiheschuldnerin, jeder Börse, an der die Teilschuldverschreibungen zu diesem Zeitpunkt zugelassen sind oder gehandelt werden und deren Regeln eine Mitteilung an die Börse verlangen, sowie den Gläubigern gemäß § [10] [11]⁽¹⁾ baldmöglichst, aber keinesfalls später als am vierten auf die Berechnung jeweils folgenden Bankgeschäftstag (wie in Absatz 1 definiert) mitgeteilt werden. Im Fall einer Verlängerung oder Verkürzung der Zinsperiode können der mitgeteilte Zinsbetrag und Zinszahlungstag ohne Vorankündigung nachträglich angepaßt (oder andere geeignete

⁽¹⁾ Unzutreffendes streichen.

Anpassungsregelungen getroffen) werden. Jede solche Anpassung wird umgehend allen Börsen, an denen die Schuldverschreibungen zu diesem Zeitpunkt zugelassen sind oder gehandelt werden, sowie den Gläubigern gemäß § [10] [11]⁽¹⁾ mitgeteilt.

[(5)][(6)]⁽¹⁾ Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieses § 2 gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht ein offensichtlicher Irrtum vorliegt) für die Anleiheschuldnerin, die Emissionsstelle, die Zahlstelle[n] und die Gläubiger verbindlich.]

[(2)][(6)][(7)]⁽¹⁾ Der Zinslauf der Teilschuldverschreibungen endet mit Ablauf des Tages, der dem Fälligkeitstag vorangeht. Dies gilt auch dann, wenn der Fälligkeitstag am Ort der jeweiligen Zahlstelle kein Bankgeschäftstag ist und die Zahlung daher erst am nächsten Bankgeschäftstag erfolgt. Ein Anspruch auf zusätzliche Zinsen wird durch eine solche Verzögerung nicht begründet. **[Bei Festverzinslichen Schuldverschreibungen einfügen:** „Bankgeschäftstag“ im Sinne dieses § 2 ist jeder Tag, an dem Geschäftsbanken in Frankfurt am Main [und gegebenenfalls andere relevante Finanzzentren einfügen]⁽¹⁾ geöffnet sind und Zahlungen in Euro über das Trans-European Automated Real-time Gross settlement Express Transfer system („TARGET“) abgewickelt werden können.]

[(3)][(7)][(8)]⁽¹⁾ Sofern die Anleiheschuldnerin, gleich aus welchem Grunde, die Tilgung der Teilschuldverschreibungen bei Fälligkeit unterläßt, läuft die Verzinsung gemäß diesem § 2 weiter bis zum Ablauf des Tages, der dem Einlösungstag vorangeht, längstens jedoch bis zum Ablauf des 14. Tages nach dem Tag, an dem gemäß § [10] [11]⁽¹⁾ bekanntgemacht wird, daß alle erforderlichen Beträge bei der Hauptzahlstelle (§ 5 Absatz 2a) bereitgestellt worden sind.

§ 3 (Fälligkeit)

(1) Die Teilschuldverschreibungen werden am **[Fälligkeitstag einfügen]** zum Nennbetrag zurückgezahlt.

(2) **[Bei nicht-nachrangigen Schuldverschreibungen einfügen:** Die Anleiheschuldnerin ist berechtigt, jederzeit Teilschuldverschreibungen am Markt oder auf sonstige Weise zu erwerben.] **[Bei nachrangigen Teilschuldverschreibungen einfügen:** Die Anleiheschuldnerin ist nicht berechtigt, die Teilschuldverschreibungen vorzeitig zurückzuzahlen, es sei denn gemäß § 4 Absatz 2 oder § 6 Absatz 2.]

§ 4 (Rang)

[Bei nicht-nachrangigen Teilschuldverschreibungen einfügen: Die Verpflichtungen aus den Teilschuldverschreibungen [und Zinsscheinen]⁽¹⁾ stellen unbedingte und nicht nachrangige Verpflichtungen der Anleiheschuldnerin dar und stehen untereinander ohne jeglichen Vorzug im gleichen Rang.]

[Bei nachrangigen Teilschuldverschreibungen einfügen:

(1) Die Verpflichtungen aus den Teilschuldverschreibungen stellen unbedingte und nachrangige Verpflichtungen dar, die untereinander und mit allen sonstigen nachrangigen Teilschuldverschreibungen der Anleiheschuldnerin im gleichen Rang stehen. Die Forderungen aus den Teilschuldverschreibungen [und Zinsscheinen]⁽¹⁾ gehen im Falle der Auflösung oder der Liquidation der Anleiheschuldnerin oder im Falle eines Insolvenzverfahrens über das Vermögen der Anleiheschuldnerin den Forderungen aller anderen Gläubiger der Anleiheschuldnerin im Range nach, die nicht ebenfalls nachrangig sind. In diesem Falle werden Zahlungsverpflichtungen aus den Teilschuldverschreibungen [und Zinsscheinen]⁽¹⁾ erst nach Befriedigung aller gegen die Anleiheschuldnerin bestehenden nicht nachrangigen Forderungen erfüllt. Die Aufrechnung mit Anleiheforderungen gegen Forderungen der Anleiheschuldnerin ist ausgeschlossen. Für die Anleiheforderungen werden keine Sicherheiten gestellt; gegebenenfalls in der Vergangenheit oder zukünftig von der Anleiheschuldnerin gestellte Sicherheiten in Zusammenhang mit anderen Forderungen besichern nicht die Anleiheforderungen.

(2) Nachträglich können weder der in Absatz 1 geregelte Nachrang beschränkt noch die in § 3 genannte Laufzeit verkürzt werden. Im Falle einer vorzeitigen Rückzahlung der Teilschuldverschreibungen unter anderen Umständen als in diesem § 4 oder § 6 Absatz 2 beschrieben oder eines Rückkaufs, der nicht § 10 Absatz 5a Satz 6 Kreditwesengesetz entspricht, ist der zurückgezahlte oder gezahlte Betrag ohne Rücksicht auf entgegenstehende Vereinbarungen der Anleiheschuldnerin zurückzugewähren, sofern nicht der zurückgezahlte Betrag durch anderes, zumindest gleichwertiges haftendes Eigenkapital im Sinne des Kreditwesengesetzes ersetzt worden ist oder die Bundesanstalt für Finanzdienstleistungsaufsicht der vorzeitigen Rückzahlung zugestimmt hat.]

⁽¹⁾ Unzutreffendes streichen.

§ 5
(Zahlungen)

(1) Die Anleiheschuldnerin verpflichtet sich, alle nach diesen Anleihebedingungen geschuldeten Beträge in Euro zu zahlen, soweit dies bei Fälligkeit der jeweiligen Beträge die frei verfügbare und transferierbare gesetzliche Währung der Bundesrepublik Deutschland ist.

(2) **[Bei Global-Inhaberschuldverschreibung einfügen:** Die Zahlung sämtlicher Beträge an Zinsen und Kapital erfolgt an die Hypo Real Estate Bank Aktiengesellschaft, München („Hauptzahlstelle“). Die Hauptzahlstelle zahlt die fälligen Beträge an die Clearstream Banking AG zwecks Gutschrift auf die jeweiligen Konten der Hinterleger von Teilschuldverschreibungen zur Weiterleitung an die Anleihegläubiger. Die Zahlung an Clearstream Banking AG befreit die Anleiheschuldnerin in Höhe der Zahlung von ihren Verpflichtungen aus den Teilschuldverschreibungen.]

[Bei Einzelkunden und/oder technischer Globalurkunde(n) einfügen:

Soweit die Teilschuldverschreibungen durch technische Globalurkunden mit Sammel-Zinsschein verbrieft sind, erfolgt die Zahlung sämtlicher Beträge an Zinsen und Kapital an die Hypo Real Estate Bank Aktiengesellschaft, München („Hauptzahlstelle“). Die Hauptzahlstelle zahlt die fälligen Beträge an die Clearstream Banking AG zwecks Gutschrift auf die jeweiligen Konten der Hinterleger von Teilschuldverschreibungen zur Weiterleitung an die Anleihegläubiger. Die Zahlung an Clearstream Banking AG befreit die Anleiheschuldnerin in Höhe der Zahlung von ihren Verpflichtungen aus den Teilschuldverschreibungen.

Soweit die Teilschuldverschreibungen in Einzelurkunden mit Zinsschein verbrieft sind, werden den Inhabern Teilschuldverschreibungen und Zinsscheine bei den Hauptniederlassungen der nachfolgend aufgeführten Banken („Zahlstellen“) eingelöst:

(a) in der Bundesrepublik Deutschland bei der

Hauptzahlstelle und ihren Niederlassungen;

(b) außerhalb der Bundesrepublik Deutschland bei

[ausländische Zahlstellen einfügen]

durch einen auf eine Bank gezogenen Euro-Scheck oder durch Gutschrift auf einem Euro-Konto unter Beachtung der in dem jeweiligen Land etwa geltenden Steuer- und Devisenbestimmungen.

Die Hauptzahlstelle kann namens der Anleiheschuldnerin zusätzliche Zahlstellen ernennen und die Ernennung von Zahlstellen widerrufen. Die Ernennung bzw. der Widerruf ist gemäß § [10] [11]⁽¹⁾ bekanntzumachen.]

(3) **[Bei Global-Inhaberschuldverschreibung einfügen:** Die Hauptzahlstelle ist von den Beschränkungen des § 181 BGB befreit.]

[Bei Einzelkunden einfügen: Die Hauptzahlstelle und die Zahlstellen sind von den Beschränkungen des § 181 BGB und etwaigen gleichartigen Beschränkungen des Rechts anderer Länder befreit.]

[Bei Einzelkunden einfügen:

(4) Die zur Rückzahlung fälligen Teilschuldverschreibungen müssen zusammen mit allen dazugehörigen noch nicht fälligen Zinsscheinen bei einer Zahlstelle eingereicht werden. Der Betrag fehlender, noch nicht fälliger Zinsscheine wird vom Kapitalbetrag abgezogen. Jeder in dieser Weise abgezogene Betrag wird nach einem solchen Abzug gegen Einreichung der betreffenden fehlenden Zinsscheine jederzeit innerhalb der Vorlegungsfrist (§ 7 Absatz 1 Satz 2) gezahlt.

(5) Weder die Anleiheschuldnerin noch die Zahlstellen sind verpflichtet, die Berechtigung des Einreichers von Teilschuldverschreibungen oder Zinsscheinen zu prüfen.

(6) Die Anleiheschuldnerin kann die von den Inhabern von Teilschuldverschreibungen oder Zinsscheinen innerhalb von 12 Monaten nach Fälligkeit nicht erhobenen Beträge an Zinsen und Kapital auf Gefahr und Kosten dieser Inhaber beim Amtsgericht München hinterlegen. Soweit die Anleiheschuldnerin unter Verzicht auf das Recht zur Rücknahme hinterlegt, erlischt jeglicher Anspruch der Inhaber von Teilschuldverschreibungen oder Zinsscheinen gegen die Anleiheschuldnerin.]

⁽¹⁾ Unzutreffendes streichen.

§ 6
(Steuern)

(1) Zahlungen von Kapital und Zinsen auf die Teilschuldverschreibungen werden ohne Abzug oder Einbehalt gegenwärtiger oder zukünftiger Steuern, Abgaben oder hoheitlicher Gebühren gleich welcher Art gezahlt, die von oder in der Bundesrepublik Deutschland **[im Fall der Begebung von Teilschuldverschreibungen durch eine ausländische Zweigniederlassung einfügen: oder [Staat/Land, in dem sich die ausländische Zweigniederlassung befindet, einfügen]]** oder für deren Rechnung oder von oder für Rechnung einer dort jeweils zur Steuererhebung ermächtigten Gebietskörperschaft oder Behörde auferlegt, erhoben oder eingezogen werden (nachstehend zusammen „Quellensteuern“ genannt), es sei denn, ein solcher Abzug oder Einbehalt ist gesetzlich vorgeschrieben. In diesem letzteren Fall wird die Anleiheschuldnerin die zusätzlichen Beträge an Kapital und Zinsen zahlen, die erforderlich sind, damit der den Anleihegläubigern nach diesem Abzug oder Einbehalt zufließende Nettobetrag jeweils den Beträgen an Kapital und Zinsen entspricht, die den Anleihegläubigern zustehen würden, wenn der Abzug oder Einbehalt nicht erforderlich wäre. Solche zusätzlichen Beträge sind jedoch nicht zahlbar wegen Steuern, Abgaben oder hoheitlicher Gebühren, die

(a) auf andere Weise als durch Abzug oder Einbehalt aus Zahlungen von Kapital oder Zinsen zu entrichten sind oder

(b) wegen gegenwärtiger oder früherer persönlicher oder geschäftlicher Beziehungen des Anleihegläubigers [oder Zinsscheininhabers]⁽¹⁾ zu der Bundesrepublik Deutschland **[im Fall der Begebung von Teilschuldverschreibungen durch eine ausländische Zweigniederlassung einfügen: oder zu [Staat/Land, in dem sich ausländische Zweigniederlassung befindet, einfügen]]** zu zahlen sind und nicht allein aufgrund der Tatsache, daß Zahlungen in bezug auf die Teilschuldverschreibungen [oder Zinsscheine]⁽¹⁾ aus der Bundesrepublik Deutschland stammen oder dort besichert sind oder steuerlich so behandelt werden oder

(c) aufgrund einer Rechtsänderung zahlbar sind, die später als 30 Tage nach Fälligkeit der betreffenden Zahlung von Kapital oder Zinsen oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § [10] [11]⁽¹⁾ wirksam wird, oder

(d) von einer Zahlstelle abgezogen oder einbehalten werden, wenn eine andere Zahlstelle die Zahlung ohne einen solchen Abzug oder Einbehalt hätte leisten können, oder

(e) nicht zu entrichten wären, wenn die Teilschuldverschreibungen bei einem Kreditinstitut verwahrt und die Zahlungen von diesem eingezogen worden wären, oder

(f) von einer Zahlung an eine natürliche Person abgezogen oder einbehalten werden, wenn dieser Abzug oder Einbehalt gemäß der Richtlinie der Europäischen Union über die Besteuerung von Zinserträgen oder gemäß eines Gesetzes erfolgt, welches diese Richtlinie umsetzt, mit ihr übereinstimmt oder vorhandenes Recht an sie anpaßt, oder

(g) nicht zu entrichten wären, wenn der Anleihegläubiger [oder Zinsscheininhaber]⁽¹⁾ eine Nichtansässigkeitsbestätigung oder einen ähnlichen Antrag auf Freistellung bei den zuständigen Finanzbehörden stellt oder zumutbare Dokumentations-, Informations- oder sonstige Nachweispflichten erfüllt.

(2) Falls infolge einer Änderung oder Ergänzung der in der Bundesrepublik Deutschland **[im Fall der Begebung von Teilschuldverschreibungen durch eine ausländische Zweigniederlassung einfügen: oder in [Staat/Land, in dem sich die ausländische Zweigniederlassung befindet, einfügen]]** geltenden Rechtsvorschriften oder infolge einer Änderung der Anwendung oder amtlichen Auslegung solcher Rechtsvorschriften, die am oder nach dem Valutatag wirksam wird, oder, wenn es sich um eine Anleihe mit mehreren Tranchen handelt, dem Valutatag der ersten Tranche, Quellensteuern auf die Zahlung von Kapital oder Zinsen auf die Teilschuldverschreibungen anfallen oder anfallen werden und die Quellensteuern, sei es wegen der Verpflichtung zur Zahlung zusätzlicher Beträge gemäß Absatz 1 oder aus sonstigen Gründen, von der Anleiheschuldnerin zu tragen sind, ist die Anleiheschuldnerin berechtigt, alle ausstehenden Teilschuldverschreibungen, jedoch nicht nur einen Teil von ihnen, unter Einhaltung einer Kündigungsfrist von mindestens 30 Tagen jederzeit zum Nennbetrag zuzüglich bis zum Tilgungstag (ausschließlich) aufgelaufener Zinsen zu tilgen. Eine solche Kündigung darf jedoch nicht früher als 90 Tage vor dem Zeitpunkt erfolgen, an dem die Anleiheschuldnerin erstmals Quellensteuer einbehalten oder zahlen mußte, falls eine Zahlung in bezug auf die Teilschuldverschreibungen oder Zinsscheine dann geleistet würde.

(3) Die Kündigung erfolgt durch Bekanntmachung gemäß § [10] [11]⁽¹⁾. Sie ist unwiderruflich und muß den Tilgungstermin sowie in zusammenfassender Form die Tatsachen angeben, die das Kündigungsrecht begründen.

⁽¹⁾ Unzutreffendes streichen.

[Im Fall von Einzelkunden einfügen:

§ 7

(Vorlegungsfrist, Verlust von Zinsscheinen)

(1) Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Teilschuldverschreibungen auf zehn Jahre abgekürzt. Die Vorlegungsfrist für Zinsscheine beträgt vier Jahre, beginnend mit dem Ende des Kalenderjahres, in dem der betreffende Zinsschein fällig wird.

(2) Der bei Verlust oder Vernichtung von Zinsscheinen gegebene Anspruch gemäß § 804 Absatz 1 Satz 1 BGB ist ausgeschlossen. Der Anspruch des Anleihegläubigers aus § 805 BGB ist ausgeschlossen. Es bestehen keine Ansprüche bei Verlust oder Vernichtung von Talons.]

§ [7] [8]⁽¹⁾

(Ersetzung der Hauptzahlstelle)

(1) Sofern irgendwelche Ereignisse eintreten sollten, die die Hypo Real Estate Bank Aktiengesellschaft nach ihrer Ansicht daran hindern, ihre Aufgabe als Hauptzahlstelle zu erfüllen, wird sie ihre Rechte und Pflichten als Hauptzahlstelle auf eine andere Bank von internationalem Rang übertragen.

(2) Eine Übertragung der Stellung als Hauptzahlstelle ist von der Hypo Real Estate Bank Aktiengesellschaft unverzüglich gemäß § [10] [11]⁽¹⁾ oder, falls dies nicht möglich ist, in sonstiger geeigneter Weise bekanntzumachen.

§ [8] [9]⁽¹⁾

(Ersetzung der Anleiheschuldnerin)

(1) Vorausgesetzt, daß kein Verzug bei Zahlungen auf Kapital oder Zinsen der Teilschuldverschreibungen vorliegt, kann die Anleiheschuldnerin jederzeit ohne Zustimmung der Anleihegläubiger ein mit ihr verbundenes Unternehmen (wie nachstehend definiert) an ihre Stelle als Hauptschuldnerin für alle Verpflichtungen der Anleiheschuldnerin aus den Teilschuldverschreibungen setzen (die „Neue Anleiheschuldnerin“), sofern

(a) die Neue Anleiheschuldnerin alle Verpflichtungen der Anleiheschuldnerin aus den Teilschuldverschreibungen übernimmt;

(b) die Anleiheschuldnerin und die Neue Anleiheschuldnerin alle erforderlichen Genehmigungen eingeholt haben und die sich aus dieser Anleihe ergebenden Zahlungsverpflichtungen in der hiernach erforderlichen Währung an die Hauptzahlstelle transferieren können, ohne daß irgendwelche Steuern oder Abgaben, die von oder in dem Land erhoben werden, in dem die Neue Anleiheschuldnerin oder die Anleiheschuldnerin ihren Sitz hat oder für Steuerzwecke als ansässig gilt, einbehalten werden müßten;

(c) die Neue Anleiheschuldnerin sich verpflichtet hat, alle Anleihegläubiger von jeglichen Steuern, Abgaben oder sonstigen staatlichen Gebühren freizustellen, die den Anleihegläubigern aufgrund der Ersetzung auferlegt werden;

(d) die Anleiheschuldnerin für die ordnungsgemäße Zahlung der Beträge, die Kapital und Zinsen der Teilschuldverschreibungen entsprechen, für den Fall der Ersetzung der Anleiheschuldnerin durch eine neue Anleiheschuldnerin die unbedingte und unwiderrufliche **[im Fall von nachrangigen Teilschuldverschreibungen einfügen:** und nachrangige] Garantie übernommen hat, so daß sichergestellt ist, daß die Anleihegläubiger nach einer Ersetzung der Anleiheschuldnerin wirtschaftlich nicht schlechter stehen als ohne eine derartige Ersetzung;

[im Fall von nachrangigen Schuldverschreibungen einfügen: (e) der Nachrang der von der Neuen Anleiheschuldnerin übernommenen Verpflichtungen aus den Schuldverschreibungen identisch mit den entsprechenden Bestimmungen der Anleihebedingungen ist und (i) die Neue Anleiheschuldnerin ein Tochterunternehmen der Anleiheschuldnerin im Sinne der §§ 1 Absatz 7 und 10 Absatz 5a Satz 11 Kreditwesengesetz ist und (ii) die Neue Anleiheschuldnerin der Anleiheschuldnerin einen Betrag zur Verfügung stellt, der dem Gesamtnennbetrag der Anleihe entspricht, zu Bedingungen, einschließlich bezüglich Nachrangigkeit, die denen der Anleihe entsprechen.]

Für die Zwecke dieses § [8] [9]⁽¹⁾ bedeutet „verbundenes Unternehmen“ ein verbundenes Unternehmen im Sinne des § 15 Aktiengesetz.

(2) Eine solche Ersetzung der Anleiheschuldnerin ist gemäß § [10] [11]⁽¹⁾ zu veröffentlichen.

⁽¹⁾ Unzutreffendes streichen.

(3) Im Falle einer solchen Ersetzung der Anleiheschuldnerin gilt jede Nennung der Anleiheschuldnerin in diesen Anleihebedingungen als auf die Neue Anleiheschuldnerin bezogen und jede Nennung des Landes, in dem die Anleiheschuldnerin ihren Sitz hat oder für Steuerzwecke als ansässig gilt, als auf das Land bezogen, in dem die Neue Anleiheschuldnerin ihren Sitz hat.

§ [9] [10]⁽¹⁾
(Vorzeitige Kündigung)

[Im Fall von nicht-nachrangigen Schuldverschreibungen einfügen:

(1) Jeder Anleihegläubiger ist berechtigt, seine Teilschuldverschreibungen fällig zu stellen und deren sofortige Rückzahlung zum Nennbetrag zuzüglich aufgelaufener Zinsen zu verlangen, falls

- (a) Zinsen nicht innerhalb von 30 Tagen nach dem betreffenden Zinszahlungstag gezahlt werden, oder
- (b) die Anleiheschuldnerin die ordnungsgemäße Erfüllung irgendeiner anderen Verpflichtung aus den Teilschuldverschreibungen unterläßt, und die Unterlassung länger als 60 Tage nach Zugang einer entsprechenden schriftlichen Mahnung eines Anleihegläubigers bei der Anleiheschuldnerin andauert, oder
- (c) die Anleiheschuldnerin allgemein ihre Zahlungen einstellt, oder
- (d) ein Gericht im Staate des Sitzes der Anleiheschuldnerin das Insolvenzverfahren oder ein vergleichbares Verfahren über das Vermögen der Anleiheschuldnerin eröffnet oder die Anleiheschuldnerin die Eröffnung eines dieser Verfahren über ihr Vermögen beantragt oder die Anleiheschuldnerin eine außergerichtliche Schuldenregelung zur Abwendung des Insolvenzverfahrens oder eines vergleichbaren Verfahrens anbietet, oder
- (e) die Anleiheschuldnerin in Liquidation tritt; dies gilt nicht, wenn die Anleiheschuldnerin mit einer anderen Gesellschaft fusioniert oder anderweitig umgestaltet wird und wenn diese andere oder die umgestaltete Gesellschaft die sich aus den Anleihebedingungen ergebenden Verpflichtungen der Anleiheschuldnerin übernimmt.

Das Recht, die Teilschuldverschreibungen zu kündigen, erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.

(2) Die Fälligestellung gemäß Absatz 1 hat in der Weise zu erfolgen, daß der Anleihegläubiger der Zahlstelle eine schriftliche Kündigungserklärung und einen die Zahlstelle zufriedenstellenden Besitznachweis übergibt oder durch eingeschriebenen Brief sendet. Die Fälligkeit der Teilschuldverschreibungen tritt mit Zugang der Kündigungserklärung bei der Zahlstelle ein. Die Kündigungserklärung wird von der Zahlstelle unverzüglich ohne weitere Prüfung an die Anleiheschuldnerin weitergeleitet.]

[Im Fall von nachrangigen Schuldverschreibungen einfügen: Die Anleihegläubiger sind nicht berechtigt, die Teilschuldverschreibungen zur vorzeitigen Rückzahlung zu kündigen.]

§ [10] [11]⁽¹⁾
(Bekanntmachungen)

Bekanntmachungen werden im Einklang mit den Bestimmungen der Wertpapierbörsen, an denen die Teilschuldverschreibungen zugelassen sind oder gehandelt werden, veröffentlicht.

§ [11] [12]⁽¹⁾
(Begebung weiterer Teilschuldverschreibungen)

Die Anleiheschuldnerin behält sich vor, von Zeit zu Zeit ohne Zustimmung der Anleihegläubiger [oder Zinsscheininhaber]⁽¹⁾ weitere Teilschuldverschreibungen mit gleicher Ausstattung in der Weise zu begeben, daß sie mit den Teilschuldverschreibungen zusammengefaßt werden, eine einheitliche Anleihe mit ihnen bilden und ihren Gesamtnennbetrag erhöhen. Der Begriff „Teilschuldverschreibungen“ umfaßt im Falle einer solchen Erhöhung auch solche zusätzlich begebenen Teilschuldverschreibungen.

§ [12] [13]⁽¹⁾
(Verschiedenes)

(1) Form und Inhalt der Teilschuldverschreibungen [und der Zinsscheine]⁽¹⁾ sowie die Rechte und Pflichten der Anleihegläubiger [und Zinsscheininhaber]⁽¹⁾, der Anleiheschuldnerin und der Hauptzahlstelle [und sonstigen Zahlstellen]⁽¹⁾ bestimmen sich nach dem Recht der Bundesrepublik Deutschland.

⁽¹⁾ Unzutreffendes streichen.

(2) Erfüllungsort und Gerichtsstand ist München, Bundesrepublik Deutschland. Die Anleihegläubiger [und die Zinsscheininhaber]⁽¹⁾ sind berechtigt, Ansprüche gegen die Anleiheschuldnerin auch vor anderen für die Anleiheschuldnerin zuständigen Gerichten geltend zu machen. **[Im Fall von Einzelkunden einfügen:** Die Gerichte in München sind für die Kraftloserklärung abhandengekommener oder vernichteter Teilschuldverschreibungen zuständig.] Die Anleiheschuldnerin unterwirft sich hiermit der Zuständigkeit der durch diesen Absatz bezeichneten Gerichte.

(3) Sollte eine Bestimmung dieser Anleihebedingungen rechtsunwirksam sein oder werden, so sollen die übrigen Bestimmungen wirksam bleiben. Unwirksame oder nicht durchführbare Bestimmungen sollen dem Sinn und Zweck dieser Anleihebedingungen entsprechend ersetzt werden.

(4) Der deutsche Wortlaut dieser Anleihebedingungen ist maßgebend. Eine etwaige englische Übersetzung ist unverbindlich.

⁽¹⁾ Unzutreffendes streichen.

[The German version of these German-Market Terms and Conditions is legally binding.
The English version is a non-binding translation.]

Terms and Conditions of the Notes

§ 1

(Form and Principal Amount)

(1) The notes of Hypo Real Estate Bank Aktiengesellschaft **[if the Notes are issued through a foreign branch, insert:, [insert place of branch] branch]** (the “Issuer”) in the aggregate principal amount of Euro **[insert aggregate principal amount]** (in words: Euro **[insert aggregate principal amount in words]**) are divided into notes in bearer form ranking *pari passu* among themselves (the “Notes”) as follows:

[insert applicable denominations]

(2) **[In the case of a Temporary Global Note which is exchangeable for Definitive Notes insert:** The Notes are initially represented by a temporary global Note in bearer form (the “Temporary Global Note”) without interest coupons, which is to be deposited with Clearstream Banking AG. The Temporary Global Note will be exchanged for definitive notes in bearer form (the “Definitive Notes”) **[if the Notes are subject to the TEFRA D Rules, insert:** on or after the 40th day (the “Exchange Date”) after **[insert Closing Date]** (the “Closing Date”) only upon delivery of certifications (essentially in the form of Certificate A and B, as attached in Appendix 1 hereto) to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person or are not U.S. persons (other than certain financial institutions or certain persons holding Notes through such financial institution) (the “Non-U.S. Ownership Certificates”)] **[if the Notes are subject to the TEFRA C Rules, insert:** as soon as possible after **[insert Closing Date]** (the “Closing Date”)]. Each Definitive Note will have **[insert number of interest coupons]** annual interest coupons in bearer form (the “Interest Coupons”) [and a talon]⁽¹⁾ attached. The Issuer reserves the right to issue one or more collective global notes (the “Collective Global Notes”) with collective interest coupons (the “Collective Interest Coupons”), which are to be deposited with Clearstream Banking AG, with respect to a portion of the Definitive Notes. The Issuer shall exchange the Collective Global Note(s) for the corresponding number of Definitive Notes and the corresponding number of Interest Coupons to the extent necessary to fulfill requests by any holders of Notes (the “Noteholders”) for the delivery of Definitive Notes. The Definitive Notes and the Interest Coupons shall bear the embossed seal of the Issuer and the facsimile signatures of two authorized signatories of the Issuer. The Definitive Notes shall further bear the manual signature of a control officer of Hypo Real Estate Bank Aktiengesellschaft.]

(3) **[In the case of a Temporary Global Note which is exchangeable for a Permanent Global Note insert:** The Notes are initially represented by a temporary global note in bearer form (the “Temporary Global Note”) without interest coupons, which bears the manual signatures or facsimile signatures of two authorized signatories of the Issuer and the manual signature of a control officer of Hypo Real Estate Bank Aktiengesellschaft, and which is to be deposited with Clearstream Banking AG. The Temporary Global Note will be exchanged for a permanent global note in bearer form (the “Permanent Global Note”) on or after the 40th day (the “Exchange Date”) after **[insert Closing Date]** (the “Closing Date”) only upon delivery of certifications (essentially in the form of Certificate A and B as attached in Appendix 1 hereto), to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person or are not U.S. persons (other than certain financial institutions or certain persons holding Notes through such financial institutions (the “Non-U.S. Ownership Certificates”). The holders of the Notes (the “Noteholders”) are not entitled to receive definitive notes. The Notes represent proportionate co-ownership interests in the Temporary Global Note and the Permanent Global Note, as the case may be, and may be transferred pursuant to the relevant rules of Clearstream Banking AG. The right to receive interest on the principal amount of the Notes is represented by the Permanent Global Note.]

(4) **[In the case of a Permanent Global Note from the Closing Date insert:** The Notes are represented by a permanent global note in bearer form (the “Permanent Global Note”) without interest coupons, which bears the manual signatures or facsimile signatures of two authorized signatories of the Issuer and the manual signature of a control officer of Hypo Real Estate Bank Aktiengesellschaft, and which is to be deposited with Clearstream Banking AG. The holders of the Notes (the “Noteholders”) are not entitled to receive definitive notes. The Notes represent proportionate co-ownership interests in the Permanent Global Note and may be transferred pursuant to

⁽¹⁾ Delete as applicable.

the relevant rules of Clearstream Banking AG. The right to receive interest on the principal amount of the Notes is represented by the Permanent Global Note.]

§ 2
(Interest)

[In the case of Fixed Rate Notes insert:

(1) The Notes shall bear interest from **[insert Interest Commencement Date]** (the “Interest Commencement Date”) (inclusive) at a rate of **[insert Rate of Interest]** per annum. Interest shall be payable in arrear on **[insert Interest Payment Date or Dates]** in each year (each such date, an “Interest Payment Date”), starting on **[insert first Interest Payment Date]**. **[In the case of Definitive Notes insert:** Payment of interest on the Notes shall be made against surrender of the relevant Interest Coupons.] If interest is required to be calculated for a period of less than a full year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below).

“Day Count Fraction” means, in respect of the calculation of an amount of interest for any period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Calculation Period”):

[if Actual/Actual (ISMA) insert:

- (a) in the case of Notes where the number of days in the relevant Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period divided by the product of:
 - (i) the number of days in such Determination Period, and
 - (ii) the number of Determination Dates that would occur in one calendar year; or
- (b) in the case of Notes where the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of:
 - (i) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates that would occur in one calendar year, and
 - (ii) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates that would occur in one calendar year.

“Determination Period” means each period from (and including) a Determination Date (or, if none, the Interest Commencement Date) to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

“Determination Date” means **[insert Determination Date(s)].**

[if 30/360 insert: the number of days in the Calculation Period (such number of days being calculated on the basis of twelve 30-day months) divided by 360.]

[If the Notes are subject to the TEFRA D Rules insert: Prior to the Exchange Date payments of interest shall be made only after presentation of the Non-U.S. Ownership Certificates. A separate Non-U.S. Ownership Certificate shall be required in respect of each such payment of interest.]]

[In the case of Floating Rate Notes insert:

(1)(a) The Notes shall bear interest from **[insert Interest Commencement Date]** (inclusive) (the “Interest Commencement Date”) to the first Interest Payment Date (exclusive) and thereafter from each Interest Payment Date (inclusive) to the next following Interest Payment Date (exclusive). Interest on the Notes shall be payable on each Interest Payment Date.

(b) “Interest Payment Date” means

[in the case of Specified Interest Payment Dates insert: each of **[insert Specified Interest Payment Date(s)].**

[in the case of Specified Interest Periods insert: each date which (except as otherwise provided in these Terms and Conditions) falls **[insert number]** [weeks] [months] **[insert other specified periods]**⁽¹⁾ after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.]

⁽¹⁾ Delete as applicable.

(c) If any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below), it shall be:

[in the case of Modified Following Business Day Convention insert: postponed to the next day which is a Banking Day unless it would thereby fall into the next calendar month, in which event the Interest Payment Date shall be the immediately preceding Banking Day.]

[in the case of Floating Rate Convention insert: postponed to the next day which is a Banking Day unless it would thereby fall into the next calendar month, in which event (i) the Interest Payment Date shall be the immediately preceding Banking Day and (ii) each subsequent Interest Payment Date shall be the last Banking Day in the month which falls **[[insert number] months] [insert other specified periods]**⁽¹⁾ after the preceding applicable Interest Payment Date.]

[in the case of Following Business Day Convention insert: postponed to the next day which is a Banking Day.]

[in the case of Preceding Business Day Convention insert: the immediately preceding Banking Day.]

(d) “Banking Day” within the meaning of this § 2 means a day on which commercial banks are open for business in Frankfurt am Main **[and insert all relevant financial centers]**⁽¹⁾ and all relevant parts of the Trans-European Automated Real-time Gross settlement Express Transfer system (“TARGET”) are operational to effect the relevant payment.

(2) **[In the case of Screen Rate Determination insert:** The rate of interest (the “Rate of Interest”) for each Interest Period (as defined below) will, except as provided below, be either:

(a) the offered quotation (if there is only one quotation on the Screen Page (as defined below)); or

(b) the arithmetic mean (rounded, if necessary, to the nearest one **[if the Reference Rate is EURIBOR, insert:** thousandth of a percentage point, with 0.0005] **[if the Reference Rate is not EURIBOR, insert:** hundred thousandth of a percentage point, with 0.000005] being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for deposits in Euro for that Interest Period which offered quotation(s) appears or appear, as the case may be, on the Screen Page as of 11:00 a.m. ([Brussels] **[insert other financial center]**⁽¹⁾ time) on the Interest Determination Date (as defined below) **[if Margin insert:** [plus] [minus]⁽¹⁾ the Margin (as defined below)], all as determined by the Calculation Agent.

“Interest Period” means each period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and from (and including) each Interest Payment Date to (but excluding) the following Interest Payment Date.

“Interest Determination Date” means the [second] **[insert other applicable number of days]**⁽¹⁾ Banking Day (as defined in paragraph (1)(d)) prior to the commencement of the relevant Interest Period.

[In the case of a Margin insert: The “Margin” means [] per cent. per annum.]

“Calculation Agent” means **[insert Calculation Agent]**.

“Screen Page” means **[insert relevant Screen Page]**.

[If the Rate of Interest is calculated on a different basis, insert all details here.]

If, in the case of (b) above, five or more such offered quotations are available on the Screen Page, the highest (or, if there is more than one such highest rate, only one of such rates) and the lowest (or, if there is more than one such lowest rate, only one of such rates) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations, and this rule shall apply throughout this paragraph (2).

If the Screen Page is not available or if, in the case of (a) above, no such quotation appears or, in the case of (b) above, fewer than three such offered quotations appear, in each case as at such time, the Calculation Agent shall request the principal [Euro zone] **[insert other financial center]**⁽¹⁾ office of each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for deposits in Euro for the relevant Interest Period to leading banks in the [Euro zone] **[insert other financial center]**⁽¹⁾ interbank market at approximately 11:00 a.m. ([Brussels] **[insert other financial center]**⁽¹⁾ time) on the Interest Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded, if necessary, to the nearest one **[if the Reference Rate is EURIBOR, insert:** thousandth of a percentage point, with 0.0005] **[if the Reference Rate is not EURIBOR, insert:** hundred thousandth of a percentage point, with

⁽¹⁾ Delete as applicable.

0.000005] being rounded upwards) of such offered quotations **[if Margin insert: [plus] [minus]⁽⁴⁾ the Margin]**, all as determined by the Calculation Agent.

If on any Interest Determination Date only one or none of the Reference Banks provides the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period will be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded, if necessary, to the nearest one **[if the Reference Rate is EURIBOR, insert: thousandth of a percentage point, with 0.0005] [if the Reference Rate is not EURIBOR, insert: hundred thousandth of a percentage point, with 0.000005]** being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, as at 11:00 a.m. ([Brussels] **[insert other financial center]⁽⁴⁾** time) on the relevant Interest Determination Date, deposits in Euro for the relevant Interest Period by leading banks in the [Euro zone] **[insert other financial center]⁽⁴⁾** interbank market **[if Margin insert: [plus] [minus]⁽⁴⁾ the Margin]** or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered quotations, the offered quotation for deposits in Euro for the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered quotations for deposits in Euro for the relevant Interest Period, at which, on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent and the Issuer suitable for such purpose) inform(s) the Calculation Agent it is or they are quoting to leading banks in the [Euro zone] **[insert other financial center]⁽⁴⁾** interbank market (or, as the case may be, the quotations of such bank or banks to the Calculation Agent) **[in the case of a Margin insert: [plus] [minus]⁽⁴⁾ the Margin]**. If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be the offered quotation or the arithmetic mean of the offered quotations on the Screen Page, as described above, on the last day preceding the Interest Determination Date on which such quotations were offered **[in the case of a Margin insert: [plus] [minus]⁽⁴⁾ the Margin]** (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to the last preceding Interest Period)].

As used herein, “Reference Banks” means in the case of (a) above, those banks whose offered quotations were used to determine such quotation when such quotation last appeared on the Screen Page and, in the case of (b) above, those banks whose offered quotations last appeared on the Screen Page when no fewer than three such offered quotations appeared. **[Insert names of the Reference Banks]⁽⁴⁾**

[If Reference Rate is other than BBA LIBOR or EURIBOR, insert relevant details in lieu of the provisions of this paragraph (2).]

[If other method of determination applies, insert relevant details in lieu of the provisions of this paragraph (2).]

[(3) [If Minimum Rate of Interest applies insert: If the Rate of Interest in respect of any Interest Period determined in accordance with the above provisions is less than [insert Minimum Rate of Interest], the Rate of Interest for such Interest Period shall be [insert Minimum Rate of Interest].]

[If Maximum Rate of Interest applies insert: If the Rate of Interest in respect of any Interest Period determined in accordance with the above provisions is greater than [insert Maximum Rate of Interest], the Rate of Interest for such Interest Period shall be [insert Maximum Rate of Interest].]

[(3)][(4)]⁽⁴⁾ The Calculation Agent will, on or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest and calculate the amount of interest (the “Interest Amount”) payable on the Notes in respect of each Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest and the Day Count Fraction (as defined below) to each Denomination and rounding the resultant figure to the nearest 0.01 Cent, with 0.005 Cent being rounded upwards.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time other than a full year from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (the “Calculation Period”):

[if Actual/365 or Actual/Actual insert: the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365).]

[if Actual/365 (Fixed) insert: the actual number of days in the Calculation Period divided by 365.]

⁽⁴⁾ Delete as applicable.

[if Actual/365 (Sterling) insert: the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366.]

[if Actual/360 insert: the actual number of days in the Calculation Period divided by 360.]

[if 30/360 or 360/360 or Bond Basis insert: the number of days in the Calculation Period divided by 360, the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (A) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (B) the last day of the Calculation Period is the last day of the month of February in which case the month of February shall not be considered to be lengthened to a 30-day month).]

[if 30E/360 or Eurobond Basis insert: the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the first day or last day of the Calculation Period, unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).]⁽¹⁾

[(4)][(5)]⁽¹⁾ The Calculation Agent will cause the Rate of Interest, each Interest Amount for each Interest Period, each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and, if required by the rules of any stock exchange on which the Notes are from time to time admitted or traded, to such stock exchange, and to the Noteholders in accordance with § [10] [11]⁽¹⁾ as soon as possible after their determination, but in no event later than the fourth Banking Day (as defined in paragraph (1)) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to any stock exchange on which the Notes are then admitted or traded and to the Noteholders in accordance with § [10] [11]⁽¹⁾.

[(5)][(6)]⁽¹⁾ All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 2 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Issuing Agent, the Paying Agent[s] and the Noteholders.

[(2)][(6)][(7)]⁽¹⁾ The Notes shall cease to bear interest upon expiry of the day immediately preceding the Maturity Date. This shall apply even if such Maturity Date falls on a day which is not a Banking Day at the location of the respective Paying Agent and the payment is not made until the next Banking Day. **[In the case of Fixed Rate Notes insert:** “Banking Day” within the meaning of this § 2 means a day on which commercial banks are open for business in Frankfurt am Main **[and insert all relevant financial centers]**⁽¹⁾ and all relevant parts of the Trans-European Automated Real-time Gross settlement Express Transfer system (“TARGET”) are operational to effect the relevant payment.]

[(3)][(7)][(8)]⁽¹⁾ If the Issuer shall fail to redeem the Notes when due, for any reason whatsoever, interest shall continue to accrue pursuant to this § 2 until the end of the day immediately preceding the actual redemption day, but not beyond the fourteenth day after notice has been given pursuant to § [10] [11]⁽¹⁾ that the funds required for redemption have been provided to the Principal Paying Agent (§ 5 paragraph (2)(a)).

§ 3 (Maturity)

(1) The Notes shall be redeemed at their principal amount on **[insert Maturity Date]**.

(2) **[In the case of unsubordinated Notes insert:** The Issuer may at any time purchase Notes in the open market or otherwise.] **[In the case of subordinated Notes insert:** The Issuer is not entitled to redeem the Notes prior to maturity except as provided in § 4 paragraph (2) or § 6 paragraph (2).]

§ 4 (Status)

[In the case of unsubordinated Notes insert: The obligations under the Notes [and Interest Coupons]⁽¹⁾ constitute unconditional and unsubordinated obligations of the Issuer ranking *pari passu* among themselves.]

⁽¹⁾ Delete as applicable.

[In the case of subordinated Notes insert:

(1) The obligations under the Notes constitute unconditional and subordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other subordinated notes of the Issuer. In the event of the dissolution or the liquidation of, or insolvency proceedings against, the Issuer, the claims under the Notes [and Interest Coupons]⁽¹⁾ will be subordinated to the claims of all unsubordinated creditors of the Issuer. In this case no amount shall be payable on the Notes [and the Interest Coupons]⁽¹⁾ until all unsubordinated claims against the Issuer have been satisfied in full. No claims arising under the Notes may be set off against any claims of the Issuer. No security will be provided for the claims under the Notes; any security provided by the Issuer at any time, whether in the past or the future, in connection with other claims shall not secure claims under the Notes.

(2) No subsequent agreement may limit the subordination pursuant to the provisions set out in paragraph (1) or shorten the term specified in § 3. If the Notes are redeemed before the Maturity Date otherwise than in the circumstances described in this § 4 or in § 6 paragraph (2) or repurchased otherwise than in accordance with the provisions of § 10 subparagraph 5a sentence 6 of the German Banking Act (*Kreditwesengesetz*), then the amounts redeemed or paid must be returned to the Issuer irrespective of any agreement to the contrary unless the amounts paid have been replaced by other regulatory banking capital (*haftendes Eigenkapital*) of at least equal status within the meaning of the German Banking Act, or the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) has consented to such early redemption.]

§ 5

(Payments)

(1) The Issuer undertakes to pay all amounts owed under these Terms and Conditions in Euro provided that, upon maturity of such amounts, this is the freely available and transferable legal tender of the Federal Republic of Germany.

(2) **[In the case of a Global Bearer Note insert:** All payments of principal or interest shall be made to Hypo Real Estate Bank Aktiengesellschaft, Munich (the “Principal Paying Agent”). The Principal Paying Agent shall pay all amounts due to Clearstream Banking AG for credit to the respective accounts of the depositors of the Notes for transfer to the Noteholders. Payment to Clearstream Banking AG shall discharge the Issuer from its payment obligations under the Notes in the amount of such payment.]

[In the case of Definitive Notes and/or Collective Global Notes insert:

If, and to the extent, the Notes are represented by Collective Global Notes with Collective Interest Coupons, all payments of principal or interest shall be made to Hypo Real Estate Bank Aktiengesellschaft, Munich (the “Principal Paying Agent”). The Principal Paying Agent shall pay all amounts due to Clearstream Banking AG for credit to the respective accounts of the depositors of the Notes for transfer to the Noteholders. Payment to Clearstream Banking AG shall discharge the Issuer from its payment obligations under the Notes in the amount of such payment.

If, and to the extent, the Notes are represented by Definitive Notes with Interest Coupons, payments of any amounts due in respect of the Notes and Interest Coupons shall be made to the holders thereof at the principal offices of the following banks (the “Paying Agents”):

(a) in the Federal Republic of Germany at:

Principal Paying Agent and all branches thereof;

(b) outside the Federal Republic of Germany at:

[insert foreign Paying Agents]

by means of a Euro check drawn on a bank, or by means of a credit to a Euro account in compliance with the relevant laws on taxation and foreign exchange in the respective country.

The Principal Paying Agent may appoint additional Paying Agents and revoke the appointment of Paying Agents in the name of the Issuer. Notice of such appointment or revocation is to be published pursuant to § [10] [11]⁽¹⁾.

(3) **[In the case of Global Bearer Note insert:** The Principal Paying Agent is exempt from the restrictions set forth in § 181 of the German Civil Code (*Bürgerliches Gesetzbuch*).]

⁽¹⁾ Delete as applicable.

[In the case of Definitive Notes insert: The Principal Paying Agent and the Paying Agents are exempt from the restrictions set forth in § 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and any equivalent restrictions in the law of other countries.]

[In the case of Definitive Notes insert:

(4) Notes which have fallen due for redemption must be surrendered to a Paying Agent together with all attached unmatured Interest Coupons. The amount of missing unmatured Interest Coupons will be deducted from the principal amount. Any amount deducted in this way will be paid after such deduction against the presentation of the missing Interest Coupons at any time within the presentation period (§ 7 paragraph (1) sentence 2).

(5) Neither the Issuer nor the Paying Agents are obliged to inquire about the right of the presenting party to receive payments on the Notes or Interest Coupons.

(6) The Issuer may deposit with the Local Court (*Amtsgericht*) in Munich principal or interest not claimed by the holders of the Notes or Interest Coupons within twelve months after the Maturity Date, at the risk and cost of such holders. If and to the extent that the deposit is effected and the right to withdraw such deposit is waived, the respective claims of such holders against the Issuer shall cease.]

§ 6 (Taxation)

(1) All payments of principal and interest in respect of the Notes shall be made without withholding or deduction for or on account of any present or future taxes or duties or governmental fees of any nature whatsoever imposed or levied by, in or for the account of the Federal Republic of Germany **[in the case of Notes issued by a foreign branch insert: or [insert state/country in which such branch is located]]** or any political subdivision or any authority thereof or therein having power to tax (collectively, “Withholding Taxes”) unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts of principal and interest as shall be necessary in order that the net amounts received by the Noteholders, after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in the absence of such withholding or deduction. However, no such additional amounts shall be payable on account of any taxes or duties which:

(a) are payable otherwise than by deduction or withholding from payments of principal or interest, or

(b) are payable by reason of the Noteholder [or the Couponholder]⁽¹⁾ having, or having had, some personal or business connection with the Federal Republic of Germany **[in the case of Notes issued by a foreign branch insert: or [insert state/country in which such branch is located]]** and not merely by reason of the fact that payments in respect of the Notes or [Interest Coupons]⁽¹⁾ are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of Germany, or

(c) are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for and notice thereof is published in accordance with § [10] [11]⁽¹⁾, whichever occurs later, or

(d) are deducted or withheld by a Paying Agent from a payment if the payment could have been made by another Paying Agent without such deduction or withholding, or

(e) would not be payable if the Notes had been kept in safe custody, and the payments had been collected, by a banking institution; or

(f) are deducted or withheld from a payment to an individual if such deduction or withholding is required to be made pursuant to the European Union Directive on taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or law; or

(g) would not be payable, if the Noteholder [or the Couponholder]⁽¹⁾ makes a declaration of non-residence or other similar claim for exemption to the relevant tax authorities or complies with any reasonable certification documentation, information or other reporting requirement.

(2) If, as a result of any change in, or amendment to, the laws or regulations prevailing in the Federal Republic of Germany **[in the case of Notes issued by a foreign branch insert: or in [insert state/country in which such branch is located]]** or as a result of any change in the application or official interpretation of such laws or regulations, which change becomes effective on or after the Closing Date or, if the Notes comprise more than

⁽¹⁾ Delete as applicable.

one Tranche, the Closing Date of the first Tranche, Withholding Taxes are or will be leviable on payments of principal or interest in respect of the Notes and, whether by reason of the obligation to pay additional amounts pursuant to paragraph (1) or otherwise, such Withholding Taxes are to be borne by the Issuer, the Issuer may redeem the unpaid Notes in whole, but not in part, at any time on giving not less than 30 days' notice, at their principal amount, together with interest accrued to (but excluding) the date fixed for redemption. However, no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to withhold or pay Withholding Taxes, were a payment in respect of the Notes or Interest Coupons then made.

(3) Any such notice shall be given in accordance with § [10] [11]⁽¹⁾. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right so to redeem.

[In the case of Definitive Notes insert:

§ 7

(Presentation Period, Replacement of Interest Coupons)

(1) The presentation period provided in § 801 subparagraph 1 sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to ten years for the Notes. The presentation period for Interest Coupons shall be four years, beginning with the end of the calendar year in which the relevant Interest Coupon falls due.

(2) No claims pursuant to § 804 subparagraph 1 sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) shall arise from the loss or destruction of Interest Coupons. The Issuer shall have no claims pursuant to § 805 of the German Civil Code (*Bürgerliches Gesetzbuch*). No claims shall arise from the loss or destruction of talons.]

§ [7] [8]⁽¹⁾

(Substitution of the Principal Paying Agent)

(1) Should any event occur which, in the judgment of Hypo Real Estate Bank Aktiengesellschaft, results in its being unable to continue in its functions as Principal Paying Agent, Hypo Real Estate Bank Aktiengesellschaft shall transfer all its rights and duties as Principal Paying Agent to another bank of international standing.

(2) Any such transfer of the functions of the Principal Paying Agent shall be notified promptly by Hypo Real Estate Bank Aktiengesellschaft in accordance with § [10] [11]⁽¹⁾ or, if this is not possible, in another appropriate manner.

§ [8] [9]⁽¹⁾

(Substitution of the Issuer)

(1) The Issuer may, without the consent of the Noteholders, if no payment of principal or interest on any of the Notes is in default, at any time substitute for the Issuer any Affiliate (as defined below) of the Issuer as principal debtor in respect of all obligations of the Issuer under the Notes (the "Substituted Debtor") provided that:

(a) the Substituted Debtor assumes all obligations of the Issuer in respect of the Notes;

(b) the Issuer and the Substituted Debtor have obtained all necessary authorizations and may transfer to the Principal Paying Agent in the currency required hereunder and without being obligated to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the Substituted Debtor or the Issuer has its domicile or tax residence, all amounts required for the fulfillment of the payment obligations arising under the Notes;

(c) the Substituted Debtor has agreed to indemnify and hold harmless each Noteholder against any tax, duty or other governmental charge imposed on such Noteholder in respect of such substitution;

(d) the Issuer has assumed the unconditional and irrevocable **[in the case of subordinated Notes, insert: and subordinated]** guarantee for the due payment of the amounts corresponding to the principal of and interest on the Notes in the event that a new debtor is substituted for the Issuer, which ensures that after the substitution of the Issuer the Noteholders are not in an economic position less favorable to the one that would have existed had such substitution not taken place;

⁽¹⁾ Delete as applicable.

[in the case of subordinated Notes insert: (e) the obligations assumed by the Substituted Debtor in respect of the Notes are subordinated on terms identical to the terms of the Notes and (i) the Substituted Debtor is a subsidiary (*Tochterunternehmen*) of the Issuer within the meaning of § 1 subparagraph 7 and § 10 subparagraph 5a sentence 11 of the German Banking Act (*Kreditwesengesetz*) and (ii) the Substituted Debtor deposits an amount which is equal to the aggregate principal amount of the Notes with the Issuer on terms equivalent, including in respect of subordination, to the terms and conditions of the Notes.]

For purposes of this § [8] [9]⁽¹⁾, “Affiliate” shall mean any affiliated company (*verbundenes Unternehmen*) within the meaning of § 15 of the German Stock Corporation Act (*Aktiengesetz*).

(2) Any such substitution shall be notified in accordance with § [10] [11]⁽¹⁾.

(3) In the event of any such substitution, any reference in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the Substituted Debtor and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substituted Debtor.

§ [9] [10]⁽¹⁾
(Early Termination)

[In the case of unsubordinated Notes insert:

(1) Each Noteholder shall be entitled to declare its Notes due and demand immediate redemption thereof at the principal amount, together with accrued interest in the event that

(a) interest is not paid within 30 days from the relevant Interest Payment Date, or

(b) the Issuer fails duly to perform any other obligation arising from the Notes and such failure continues for more than 60 days after the Issuer has received notice thereof from a Noteholder, or

(c) the Issuer generally ceases to make payments, or

(d) a court in the country in which the Issuer has its domicile institutes insolvency proceedings or other similar proceedings against the assets of the Issuer or the Issuer applies for the institution of such proceedings or offers an out-of-court settlement to avert insolvency proceedings or other similar proceedings, or

(e) the Issuer goes into liquidation, unless this is done in connection with a merger, or other form of reorganization, and such other reorganized company assumes all obligations of the Issuer under these Terms and Conditions.

The right to declare Notes due shall terminate if the relevant event of default has been cured before the right is exercised.

(2) Any notice declaring Notes due pursuant to paragraph (1) shall be made by means of a written notice by the Noteholder delivered to the Paying Agent by hand or registered mail together with evidence satisfactory to the Paying Agent that such Noteholder at the time of such notice is a holder of the relevant Notes. The Notes shall fall due upon receipt of the notice by the Paying Agent. The Paying Agent shall promptly forward the notice to the Issuer without further examination.]

[In the case of subordinated Notes insert: The Noteholders are not entitled to declare their Notes due and demand early redemption thereof prior to maturity.]

§ [10] [11]⁽¹⁾
(Notices)

Notices shall be published in accordance with the requirements of the stock exchanges on which the Notes are admitted or traded.

§ [11] [12]⁽¹⁾
(Further Issues)

The Issuer reserves the right from time to time without the consent of the holders of the Notes [or Interest Coupons]⁽¹⁾ to issue additional notes with identical terms, so that the same shall be consolidated and form a single series with the Notes, increasing the aggregate principal amount. The term “Notes” shall, in the event of such increase, also comprise all additionally issued notes.

⁽¹⁾ Delete as applicable.

§ [12] [13]⁽¹⁾
(Miscellaneous)

(1) The Notes [and the Interest Coupons]⁽¹⁾, as to form and content, and all rights and obligations of the holders of the Notes [and the Interest Coupons]⁽¹⁾, the Issuer and the Principal Paying Agent [and any other Paying Agents]⁽¹⁾ shall be governed by German law.

(2) The place of performance and the place of jurisdiction shall be Munich, Federal Republic of Germany. The holders of the Notes [and the Interest Coupons]⁽¹⁾, however, may also pursue their claims before any other courts having jurisdiction over the Issuer. **[In the case of Definitive Notes insert: The courts in Munich shall be responsible for declaring the invalidity of lost or destroyed Notes.]** The Issuer hereby submits to the authority of the courts specified in this paragraph (2).

(3) Should any provision of these Terms and Conditions be or become void, the other provisions shall remain in force. Such provisions as are void or cannot be given effect shall be replaced in accordance with the meaning and purpose of these Terms and Conditions.

(4) The German text of these Terms and Conditions shall be binding. The English language translation is provided for convenience only.

⁽¹⁾ Delete as applicable.

HYPO REAL ESTATE BANK AG

Hypo Real Estate Bank AG (“Hypo Real Estate”) was formed under the name HVB Real Estate Bank AG by the merger of two mixed mortgage banks (*gemischte Hypothekenbanken*), i.e., Bayerische Handelsbank AG and Nürnberger Hypothekenbank AG, and one mortgage bank (*Hypothekenbank*), i.e., Süddeutsche Bodencreditbank AG, on 3rd September, 2001, with retroactive effect as of 1st January, 2001, and is itself a mixed mortgage bank.

Hypo Real Estate is part of the Hypo Real Estate Group (the “Hypo Real Estate Group”) which was formed in the course of the spin-off of a major part of the commercial real estate financing business of Bayerische Hypo- und Vereinsbank AG (“HypoVereinsbank”) and its consolidated subsidiaries (“HVB Group”). On 30th September, 2003, the legal name of Hypo Real Estate was changed from HVB Real Estate Bank AG to Hypo Real Estate Bank AG. On 3rd November, 2003, Westfälische Hypothekenbank AG (“WestHyp”), a former subsidiary of Hypo Real Estate, was merged into Hypo Real Estate. The merger became effective retroactively as of 1st January, 2003. As part of the Hypo Real Estate Group, which is one of the largest providers of commercial real estate financing in Europe, Hypo Real Estate focuses on commercial real estate financing business in Germany.

Hypo Real Estate has its registered office at Von-der-Tann-Strasse 2, 80539 Munich and is registered with the commercial register in Munich under number HRB 41054.

Hypo Real Estate Group

Hypo Real Estate Group consists of the parent holding company, Hypo Real Estate Holding AG (“Hypo Real Estate Holding”) with its registered office in Munich, which is a financial holding company and is listed on the Frankfurt and Vienna Stock Exchanges, and three operating subsidiaries, i.e., Hypo Real Estate, Hypo Real Estate Bank International with its registered office in Dublin, Ireland, which focuses on international commercial real estate financing, and Württembergische Hypothekenbank AG with its registered office in Stuttgart, which focuses primarily on the international mortgage financing business. The spin-off of the commercial real estate financing business of HVB Group to the newly formed and legally separate Hypo Real Estate Holding and, therefore, the formation of Hypo Real Estate Holding, became legally effective upon its registration with the commercial register of HypoVereinsbank and Hypo Real Estate Holding on 29th September, 2003, with retroactive effect for accounting purposes as of 1st January, 2003. The spin-off comprised HypoVereinsbank’s entire interest in its wholly-owned subsidiary and spin-off vehicle DIA Vermögensverwaltungs-GmbH (“DIA GmbH”) which held HVB Group’s shareholdings in its then three German mortgage bank subsidiaries, Hypo Real Estate, WestHyp and Württembergische Hypothekenbank AG, as well as in Hypo Real Estate Bank International and several other non-German subsidiaries. In connection with corporate restructurings in anticipation of the spin-off, HypoVereinsbank had funded DIA GmbH with shareholders’ equity in an amount of approximately €3,712 million. As a result of the spin-off, each holder of shares in HypoVereinsbank was entitled to receive one share in Hypo Real Estate Holding for every four shares in HypoVereinsbank held by such shareholder.

Hypo Real Estate Holding is the sole shareholder of Hypo Real Estate. It acquired the shares in Hypo Real Estate from DIA GmbH when the merger of DIA GmbH into Hypo Real Estate Holding was entered into the commercial register on 10th March, 2004 with effect for accounting purposes as of 30th December, 2003. In preparation of the spin-off, HypoVereinsbank had contributed its shareholding in Hypo Real Estate representing 96.91% of the share capital of Hypo Real Estate into DIA GmbH by way of a capital increase through contribution in kind on 14th March, 2003. At the request of DIA GmbH, the shareholders’ meeting of Hypo Real Estate resolved on 26th May, 2003 to transfer the shares of the minority shareholders of Hypo Real Estate to DIA GmbH as the main shareholder of Hypo Real Estate in accordance with the squeeze out rules set forth in Sections 327a et seq. of the German Stock Corporation Act (*Aktiengesetz*). The shares of the minority shareholders were transferred against payment by DIA GmbH of a cash compensation in the amount of €21.00 for each no-par value bearer share of Hypo Real Estate. The squeeze out resolution was entered into the commercial register of Hypo Real Estate on 3rd September, 2003. Subsequent to the completion of the squeeze out, the shares of Hypo Real Estate were delisted from the Bavarian Stock Exchange in Munich upon Hypo Real Estate’s request.

On 10th April, 2003, in connection with the spin-off, HypoVereinsbank, Hypo Real Estate and WestHyp (which has been merged into Hypo Real Estate in the meantime) entered into an agreement pursuant to which HypoVereinsbank agreed to indemnify the two other banks if and to the extent that any of the two banks incurs a net loss in fiscal years 2003 and 2004 due to specific loan loss provisions made in respect of loans that were originated or acquired by the two banks on or before 1st January, 2003. HypoVereinsbank’s total obligation under the indemnity was limited to €590 million, of which a maximum amount of €460 million could be, and was, drawn for fiscal year 2003. Accordingly, in fiscal year 2004, Hypo Real Estate may draw an additional amount of up to €130 million.

Hypo Real Estate will be obligated to pay to HypoVereinsbank 35% of any income arising from the release of specific loan loss provisions in fiscal years 2005 through 2009, provided that such payments may not exceed the amount of indemnification actually paid by HypoVereinsbank.

The Merger with WestHyp

In December 2002, HypoVereinsbank transferred its shareholding of 75% of the shares in WestHyp, a mortgage bank with its registered office in Dortmund that emerged in 1961 out of Thüringische Landes-Hypothekenbank, to DIA GmbH. Following the acquisition of the remaining 25% of the shares in WestHyp by DIA GmbH from the other shareholders of WestHyp, i.e., Deutscher Herold Allgemeine Versicherungs-AG and Deutscher Herold Lebensversicherungs-AG, on 25th June, 2003, DIA GmbH sold and transferred 100% of the shares in WestHyp to Hypo Real Estate on 28th July, 2003. On the same day, the supervisory board and the management board of Hypo Real Estate resolved the merger of WestHyp into Hypo Real Estate with retroactive effect as of 1st January, 2003. The merger was approved by the extraordinary shareholders' meeting of WestHyp on 29th August, 2003 and became effective upon registration with the commercial registers of WestHyp and Hypo Real Estate on 3rd November, 2003.

Current Strategy of Hypo Real Estate

Hypo Real Estate is currently primarily undergoing a restructuring with the goal of strengthening its profitability and improving its credit ratings. Therefore, Hypo Real Estate is currently focusing on the review, evaluation and improvement of the risk profile of its existing loan portfolio. Loans to existing borrowers will only be renewed or rolled over on terms that reflect a risk-adjusted pricing. In the course of the restructuring of its loan portfolio, Hypo Real Estate sold a portfolio of non-performing loans with a total volume of approximately €490 million to international investors and a non-strategic loan portfolio with a total volume of approximately €522 million to a German mortgage bank in December 2003. It is contemplated that Hypo Real Estate will develop a new strategy for the acquisition of new business in the course of 2004, which is planned to be implemented in 2005 at the latest.

Recent Developments

Pursuant to a shareholder's resolution adopted at an extraordinary shareholder's meeting of Hypo Real Estate held on 31st March, 2004, Hypo Real Estate is authorized until 30th June, 2005, in one or several steps, to repurchase own shares with an aggregate notional nominal amount of up to €13,000,000 for a consideration ranging from €40 to €42 per share. Based on this authorization, as of 31st March, 2004, Hypo Real Estate has repurchased 3,750,000 own shares with an aggregate notional amount of approximately €9,586,722.77 for an aggregate purchase price of €150,000,000. It is contemplated that the shareholder's meeting of Hypo Real Estate will resolve to decrease the share capital of Hypo Real Estate by an amount that will have to be determined through the cancellation of own shares that have been repurchased under the authorization of 31st March, 2004 and further own shares that may be repurchased under such authorization. The proposed decrease of Hypo Real Estate's share capital would become effective upon the registration of the planned shareholder's resolution with the commercial register of Hypo Real Estate and the cancellation of the shares concerned.

Loan Portfolio and Funding of Hypo Real Estate

The following table summarizes information regarding the loan portfolio of Hypo Real Estate as of 31st December, 2003:

	<i>(€ millions)</i>
Mortgage loans	37,501.162
Public sector loans	<u>36,906.538</u>
Total mortgage and public sector loans	<u>74,407.700</u>

Hypo Real Estate funds its banking operations primarily through the issuance of Pfandbriefe, i.e., bonds secured ("covered") by mortgage loans (*Hypothekendarlehen*) or by obligations of public sector debtors (or certain other qualifying assets) (*Öffentliche Pfandbriefe*) (see "General Information—Characteristics of Pfandbriefe") and, to a lesser extent, by means of unsecured bonds.

The following table summarizes information regarding the funding of Hypo Real Estate as of 31st December, 2003:

	<i>(€ millions)</i>
Mortgage bonds	27,145.550
Public sector bonds	47,940.656
Unsecured bonds	<u>6,008.279</u>
Total	<u>81,094.485</u>

Capitalisation

The status of capitalisation of Hypo Real Estate as at 31st December, 2003⁽¹⁾ is set forth below:

	<i>(€ millions)</i>
Liabilities to other banks	18,771.615
Including: Registered mortgage bonds and public-sector bonds in issue	5,863.916
Liabilities to customers	21,867.682
Including: Registered mortgage bonds and public-sector bonds in issue	15,846.067
Liabilities evidenced by certificates	59,454.247
Including: Registered mortgage bonds and public-sector bonds in issue	53,376.223
Liabilities held in trust	1,176.985
Other liabilities	97.562
Deferred income	369.404
Accruals	202.278
Untaxed/special reserves	–
Subordinated liabilities	882.773
Participatory capital	400.849
Fund for general banking risks	18.000
Shareholders' equity	2,249.526
Subscribed capital	132.860
Additional paid-in capital	1,853.742
Retained earnings	260.989
Profit	<u>1.935</u>
Total shareholders' equity and liabilities	<u>105,490.921</u>

⁽¹⁾ Based on the audited balance sheet as at 31st December, 2003.

There has been no material change in the capitalisation of Hypo Real Estate since 31st December, 2003.

Share Capital

The issued and fully paid capital stock of Hypo Real Estate as at 15th April, 2004 amounted to €132,860,432.67 divided into 51,970,484 ordinary bearer shares with no par value.

Supervisory Board and Management Board

Like all German stock corporations, Hypo Real Estate has a two-tier board system. The management board (*Vorstand*) is responsible for the management of Hypo Real Estate and the representation of Hypo Real Estate with respect to third parties, while the supervisory board (*Aufsichtsrat*) appoints and removes the members of the management board and supervises the activities of the management board.

The composition of the supervisory board and the management board of Hypo Real Estate and the residences and primary occupations of the members of the supervisory board of Hypo Real Estate are as follows:

Supervisory Board

Georg Funke (Chairman), Dublin
Chairman of the management board of
Hypo Real Estate Holding AG
Chief Executive Officer of
Hypo Real Estate Bank International

Frank Lamby (Deputy Chairman), Grünwald
Member of the management board of
Hypo Real Estate Holding AG
Member of the executive board of
Hypo Real Estate Bank International

Helmut Aichberger, Krailling
Employee of Hypo Real Estate Bank AG

Dr. Paul Eisele, Göppingen
Member of the management board of
Hypo Real Estate Holding AG
Spokesman of the management board of
Württembergische Hypothekbank AG

Dr. Markus Fell, Grünwald
Member of the management board of
Hypo Real Estate Holding AG

Georg Kordick, Poing
Employee of Hypo Real Estate Bank AG

Management Board

Johann Berger (Spokesman)
Manuela Better
Frank Hellwig
Theodor Knepper⁽¹⁾

⁽¹⁾ Until 31st August, 2004.

Fiscal Year

The fiscal year of Hypo Real Estate corresponds to the calendar year.

Financial Statements

Hypo Real Estate prepares its financial statements on an unconsolidated basis. Hypo Real Estate does not prepare consolidated financial statements.

Auditors

Independent auditors of Hypo Real Estate are Bayerische Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Ganghoferstrasse 29, 80339 Munich. They have also audited the financial statements of Hypo Real Estate as of 31st December, 2002 and 31st December, 2003 and given their unqualified opinion in each case.

SUMMARY FINANCIAL INFORMATION

Hypo Real Estate Bank AG: Summary Financial Information as of 31st December, 2003

The following summary financial information is derived from the audited unconsolidated annual financial statements of Hypo Real Estate for the fiscal year ended 31st December, 2003.

Summary Balance Sheet

	<i>31 December,</i> <i>2002⁽¹⁾</i>	<i>31 December,</i> <i>2003</i>	<i>Change</i>	
	<i>(€ millions)</i>	<i>(€ millions)</i>	<i>(€ millions)</i>	<i>(%)</i>
Assets				
Cash reserve	14.355	394.383	380.028	>+100.0
Loans and advances to other banks	25,007.825	20,547.585	-4,460.240	-17.8
Loans and advances to customers	69,947.201	60,225.195	-9,722.006	-13.9
Including: Mortgage loans	42,399.863	37,287.515	-5,112.348	-12.1
Public sector loans	27,509.474	22,588.516	-4,920.958	-17.9
Bonds and other fixed-income securities	24,528.232	22,426.842	-2,101.390	-8.6
Equity shares and other variable-yield securities	102.642	4.036	-98.606	-96.1
Participating interests	4.881	4.727	-0.154	-3.2
Shares in group companies	538.427	49.922	-488.505	-90.7
Assets held in trust	116.875	1,176.985	1,060.110	>+100.0
Recovery claims against the public sector and bonds resulting from their exchange	16.083	10.722	-5.361	-33.3
Tangible assets	186.543	19.281	-167.262	-89.7
Other assets	318.250	247.632	-70.618	-22.2
Deferred charges and prepaid expenses	481.460	383.611	-97.849	-20.3
Total assets	<u>121,262.774</u>	<u>105,490.921</u>	<u>-15,771.853</u>	<u>-13.0</u>
Liabilities				
Liabilities to other banks	20,237.688	18,771.615	-1,466.073	-7.2
Including: Mortgage bonds issued	3,994.883	3,884.563	-110.320	-2.8
Public sector bonds issued	2,325.381	1,979.353	-346.028	-14.9
Liabilities to customers	22,787.702	21,867.682	-920.020	-4.0
Including: Mortgage bonds issued	10,203.714	8,829.756	-1,373.958	-13.5
Public sector bonds issued	7,536.593	7,016.311	-520.282	-6.9
Liabilities evidenced by certificates	74,378.106	59,454.247	-14,923.859	-20.1
Including: Mortgage bonds issued	14,224.335	14,431.231	206.896	1.5
Public sector bonds issued	49,574.722	38,944.992	-10,629.730	-21.4
Liabilities held in trust	116.875	1,176.985	1,060.110	>+100.0
Other liabilities	595.620	97.562	-498.058	-83.6
Deferred income	470.845	369.404	-101.441	-21.5
Accruals	166.583	202.278	35.695	21.4
Untaxed/special reserves	0.114	-	-0.114	-100.0
Subordinated liabilities	929.785	882.773	-47.012	-5.1
Participatory capital	400.849	400.849		
Fund for general banking risks	49.565	18.000	-31.565	-63.7
Shareholders' equity:				
Subscribed capital	132.860	132.860		
Additional paid-in capital	733.742	1,853.742	1,120.000	>+100.0
Retained earnings	260.989	260.989		
Profit	1.451	1.935	0.484	33.4
Total shareholders' equity and liabilities	<u>121,262.774</u>	<u>105,490.921</u>	<u>-15,771.853</u>	<u>-13.0</u>

⁽¹⁾ The balance sheet data as of 31st December, 2002 is derived from the audited unconsolidated annual financial statements of Hypo Real Estate for the fiscal year ended 31st December, 2003 and reflects the adjusted comparative numbers as of 31st December, 2002 which take into account the merger of WestHyp into Hypo Real Estate that became effective on 3rd November, 2003, with retroactive effect as of 1st January, 2003. The adjustments made are described in the notes (*Anhang*) to the audited unconsolidated annual financial statements of Hypo Real Estate for the fiscal year ended 31st December, 2003.

Hypo Real Estate Bank AG

Summary Statement of Income

The following data is derived from the audited unconsolidated annual financial statements of Hypo Real Estate for the fiscal year ended 31st December, 2003.

	Fiscal year ended 31 December, 2002 ⁽¹⁾	Fiscal year ended 31 December, 2003	Change	
	(€ millions)	(€ millions)	(€ millions)	(%)
Net interest income	430.461	424.590	-5.871	-1.4
Net commission income	(10.185)	(3.777)	6.408	62.9
Net interest and commission income	420.276	420.813	0.537	0.1
Personnel expenditure	85.216	75.983	-9.233	-10.8
Other administrative expenses	44.891	57.571	12.680	28.2
Normal depreciation of tangible assets	10.157	16.846	6.689	65.9
Administrative expenses	140.264	150.400	10.136	7.2
Balance of other operating income/expenses	6.547	3.674	-2.873	-43.9
Operating profit before risk provisioning	286.559	274.087	-12.472	-4.4
Risk provisioning	423.522	159.993	-263.529	-62.2
Operating profit	(136.963)	114.094	251.057	>+100.0
Balance of other income/expenses	(15.794)	(142.488)	-126.694	>-100.0
Net income before taxes	22.647	3.171	-19.476	-86.0
Taxes	5.174	0.174	-5.000	-96.6
Interest on dormant preferred stock	2.930	2.513	-0.417	-14.2
Net income	14.543	0.484	-14.059	-96.7

⁽¹⁾ The income statement data for the fiscal year ended 31st December, 2002 is derived from the audited unconsolidated annual financial statements of Hypo Real Estate for the fiscal year ended 31st December, 2003 and reflects the adjusted comparative numbers for the fiscal year ended 31st December, 2002 which take into account the merger of WestHyp into Hypo Real Estate that became effective on 3rd November, 2003, with retroactive effect as of 1st January, 2003. The adjustments made are described in the notes (*Anhang*) to the audited unconsolidated annual financial statements of Hypo Real Estate for the fiscal year ended 31st December, 2003.

SUBSCRIPTION AND SALE

On 15th April, 2004, ABN AMRO Bank N.V., Barclays Bank PLC, Bayerische Hypo- und Vereinsbank AG, BNP PARIBAS, CDC IXIS Capital Markets, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Deutsche Bank Aktiengesellschaft, Dresdner Bank Aktiengesellschaft, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Goldman Sachs International, HSBC Bank plc, Hypo Real Estate Bank AG, Merrill Lynch International, Morgan Stanley & Co. International Limited, Société Générale, UBS Limited and WGZ-Bank Westdeutsche Genossenschafts-Zentralbank eG, (the “Dealers”), on the one hand, and the Issuer, on the other hand, entered into an Amended and Restated Dealer Agreement (such Agreement as amended, supplemented or restated from time to time, the “Dealer Agreement”) and have agreed therein a basis upon which the Dealers or any of them may from time to time agree to purchase Notes. The Issuer may pay the relevant Dealer(s) commissions from time to time in connection with the sale of any Notes and will reimburse the relevant Dealer(s) for certain expenses in connection with the issue of Notes under the Program, all as agreed between the Issuer and the relevant Dealer(s) with respect to such issue and sale of Notes. In the Dealer Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and update of the Program.

An issuance of Notes by the Issuer is subject to the following U.S., U.K., Japanese, German, Italian and general selling restrictions. Depending on the Specified Currency of the Notes, other or additional selling restrictions may be applicable, as will be set forth in the applicable Pricing Supplement and/or, in the case of Notes issued on a syndicated basis, the applicable subscription agreement (substantially in the form set forth in an Annex to the Dealer Agreement) (the “Subscription Agreement”) relating to such Notes.

1. United States of America

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “Securities Act”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act (“Regulation S”) or pursuant to an exemption from the registration requirements of the Securities Act.

Each Dealer has represented and agreed that it has not offered and sold any Notes, and will not offer and sell any Notes as part of their distribution at any time within the United States or to, or for the account or benefit of, a U.S. person, except in accordance with Rule 903 or Rule 904 of Regulation S. Accordingly, each Dealer has further represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to any Note, and it and they have complied and will comply with the offering restrictions requirements of Regulation S.

Each Dealer offering and reselling the Notes of a Tranche shall notify the Issuer and the Issuing Agent promptly upon the completion of the distribution thereof (which notice shall include a certification as to the date of such completion). On the basis of such notification, the Issuing Agent agrees to notify such Dealer of the end of the distribution compliance period with respect to such Tranche. Each Dealer has represented and agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it or through it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The Notes covered hereby have not been registered under the United States Securities Act of 1933, as amended, (the “Securities Act”) and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Series of Notes of which such Notes are a part (as determined by the Issuing Agent for such Notes) except in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S.”

In addition, until 40 days after the completion of the distribution of any Series of Notes, an offer or sale of Notes of such Series within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than under an applicable exemption from registration under the Securities Act.

Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has further agreed that it has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Notes, except with its affiliates or with the prior written consent of the Issuer.

Notes, other than Notes with an initial maturity of one year or less, will be issued in accordance with the provisions of United States Treasury Regulation § 1.163-5(c)(2)(i)(D) (the “D Rules”), or in accordance with the provisions of United States Treasury Regulation § 1.163-5(c)(2)(i)(C) (the “C Rules”), as specified in the applicable Pricing Supplement.

In addition, in respect of Notes issued in accordance with the D Rules, each Dealer has represented and agreed that:

- (1) except to the extent permitted under the D Rules (i) it has not offered or sold, and during the restricted period will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) it has not delivered and will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;
- (2) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (3) each Dealer who is a United States person has represented and agreed that it is acquiring Notes in bearer form for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D)(6); and
- (4) with respect to each affiliate of a Dealer that acquires from such Dealer Notes in bearer form for the purposes of offering or selling such Notes during the restricted period, such Dealer has agreed that it will obtain from or represent and agree on behalf of such affiliate for the Issuer’s benefit, the representations and agreements contained in clauses (1), (2) and (3).

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the D Rules.

In addition, in respect of Notes issued in accordance with the C Rules, Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. Accordingly, each Dealer has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, each Dealer has represented and agreed that, in connection with the original issuance of Notes in bearer form, it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either such Dealer or such prospective purchaser is within the United States or its possessions or otherwise involve such Dealer’s U.S. office in the offer and sale of Notes in bearer form. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the C Rules.

Each issue of Notes linked to an index, a commodity or a currency will be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer or Dealers may agree, as indicated in the applicable Pricing Supplement. Each Dealer has agreed that it will offer, sell or deliver such Notes in compliance with such additional U.S. selling restrictions.

2. United Kingdom

Each Dealer has represented and agreed that:

- (i) in relation to Notes, it has not offered or sold and, prior to the expiry of a period of six months from the Issue Date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 as amended;
- (ii) in relation to any Notes having a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;

(iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(iv) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

3. Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “Securities and Exchange Law”) and each Dealer has represented and agreed and each further Dealer appointed under the Program will be required to represent and agree that it has not and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan except in compliance with the Securities and Exchange Law and any other applicable laws and regulations of Japan. Pursuant to the Foreign Exchange and Foreign Trade Law of Japan, the Issuer is required to file a report in connection with the issuance or offering of Notes in Japan or the issuance or offering outside Japan of Notes denominated or payable in Yen with the Ministry of Finance of Japan (the “MOF”) within a limited period of time after the issue of the Notes. Each Dealer is required to provide any necessary information on sales of Notes in Japan to the Issuer (which shall not include the names of the purchasers thereof) so that the Issuer may make such reports to the MOF.

4. Germany

Each Dealer has confirmed that it is aware of the fact that no German sales prospectus has been or will be published in respect of the Program. Each Dealer has agreed that it will offer and sell Notes only in compliance with the German Securities Sales Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) of 1990 (as amended) (the “Sales Prospectus Act”) and any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities. In particular, each Dealer has agreed that public offerings in the Federal Republic of Germany of Notes issued under the Program will be made based on an exemption from the sales prospectus requirement under the Sales Prospectus Act.

5. Italy

Each Dealer has agreed that the offering of the Notes has not been cleared by the Italian Securities Exchange Commission (*Commissione Nazionale per le Società e la Borsa*) (“CONSOB”) pursuant to Italian securities legislation and, accordingly, represented and agreed that the Notes may not be offered, sold or delivered, nor may copies of the Information Memorandum or any other documents relating to the Notes or the Program be distributed in Italy, except in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998 (the “Financial Services Act”) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of May 14, 1999, as amended.

Each Dealer has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of the Information Memorandum or any other document relating to the Notes or the Program in Italy will be effected in accordance with all Italian securities, tax, exchange control and other applicable laws and regulations, and, in particular, will be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of September 1, 1993, as amended (the “Italian Banking Law”), CONSOB Regulation No. 11522 of July 1, 1998, as amended, and any other applicable laws and regulations;

(ii) in compliance with Article 129 of the Italian Banking Law and the implementing guidelines of the Bank of Italy, pursuant to which the issue or the offer of securities in Italy is conditioned upon obtaining authorization from the Bank of Italy; and

(iii) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

6. General

Each Dealer has agreed that it will comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells Notes or possesses or distributes the Information Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and none of the Issuers nor any other Dealer shall have any responsibility therefor.

TAXATION

The information provided below does not purport to be a complete summary, of the tax law and practice currently applicable in the Federal Republic of Germany. This summary does not take into account special circumstances that may apply to a particular taxpayer. Interested investors should obtain individual tax advice in connection with the acquisition and holding as well as the sale or repayment of Notes.

Taxation in Germany

Interest Payment on Notes

Holders of the Notes that are resident in the Federal Republic of Germany are generally subject to income tax on their world-wide income, regardless of its source, including income earned in respect of the Notes. Holders of the Notes that are neither resident nor deemed to be resident in Germany under German domestic tax law or an applicable double tax treaty are currently not subject to German taxation with their income earned in respect of the Notes, provided that their Notes do not form part of a permanent establishment in Germany and income earned in respect of the Notes does not otherwise fall into a category of income from German sources (e.g., such as interest payments made upon over-the counter presentation of Coupons or Notes).

German resident individuals are entitled to an annual tax-exempt allowance for income from capital investment (*Sparer-Freibetrag*) and a standard deduction in the aggregate amount of EUR 1,421 (EUR 2,842 for couples filing a joint return).

German Interest Withholding Tax

Interest payments in respect of Notes held in custody by a German bank or financial services institution in Germany (a “German Disbursing Agent”) to a person who is a tax resident of Germany (or a non-resident, provided that the interest income falls into a category of income from German sources, such as income attributable to a German permanent establishment), are subject to a withholding tax (*Zinsabschlagsteuer*) of 30% (plus a 5.5% solidarity surcharge (*Solidaritätszuschlag*) thereon, so that the effective rate of withholding is 31.65%). The tax withheld may later be credited as a prepayment for purposes of the income tax assessment or be refunded. Interest income from Notes may also be subject to German trade tax on income if the Notes form part of the property of a German business establishment for trade tax purposes.

Interest payments made by a German Disbursing Agent upon over-the-counter presentation of Coupons or Notes are subject to the withholding tax at a rate of 35% (plus a 5.5% solidarity surcharge thereon, so that the effective rate of withholding is 36.925%), regardless of whether or not the recipient is a resident for German tax purposes and whether or not such interest income falls into a category of income from German sources.

Upon the disposition of the Notes, interest accrued between interest payment dates (*Stückzinsen*) is also subject to this withholding tax and solidarity surcharge.

Special Rules for Financial Innovations

Special rules apply to Notes that are classified as financial innovations (*Finanzinnovationen*) under German tax law, such as Zero Coupon Notes, Index-Linked Notes or Floating Rate Notes.

Gains derived from the sale or redemption of financial innovations held by a tax resident of Germany (or a non-resident, provided that the interest falls into a category of income from German sources) are subject to German income tax to the extent such gains are treated as interest income. The amount treated as interest income and accrued during the investor’s holding period is calculated on the basis of the yield at launch (if determinable) or, alternatively, on the excess of the sales or repayment proceeds over the acquisition cost, i.e., the market yield.

Gains derived by a person who is a tax resident of Germany (or a non-resident, provided that the interest falls into a category of income from German sources) from the sale or redemption of financial innovations held in custody by a German Disbursing Agent are subject to withholding tax at an effective rate of 31.65%. If the German Disbursing Agent held the Notes in custody for the investor from acquisition to sale or repayment, the withholding tax is levied on an amount equal to the market yield. If the Notes have not been so held, the withholding tax will be levied on an amount equal to 30% of the proceeds from the sale or repayment of the Notes.

If the Notes are held in self-custody and are presented for payment to a German Disbursing Agent over-the-counter, the withholding tax is levied at a rate of 35%, plus a 5.5% solidarity surcharge thereon so that the effective rate of withholding is 36.925%, regardless of whether or not the beneficiary of the capital income is a

resident for German tax purposes and whether or not such interest income falls into a category of income from German sources. In these cases, the withholding tax is always levied on an amount equal to 30% of the proceeds from the sale or repayment of the Notes.

EU Directive on Taxation of Savings Income

The European Union adopted a directive on the taxation of savings income. Pursuant to the directive, a member state of the European Union will be required to provide to the tax authorities of other member states information regarding payments of interest (or other similar income) paid by a person within its jurisdiction to individual residents of such other member states, except that Belgium, Luxembourg and Austria will instead operate a withholding system for a transitional period in relation to such payments. The German government adopted the Information Regulation on Savings (*Zinsinformationsverordnung*) to implement the directive. Subject to certain conditions, the regulation will come into effect as of January 1, 2005.

GENERAL INFORMATION

Characteristics of Pfandbriefe

Pfandbriefe are debt securities issued under German law that must be secured (“covered”) by mortgage loans or obligations of public sector debtors (or certain other qualifying assets) and whose terms must otherwise comply with the requirements and limitations imposed by the German Mortgage Bank Act (*Hypothekbankgesetz*) (the “Mortgage Bank Act”). Such compliance is monitored by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (the “BaFin”).

Pfandbriefe are usually medium- to long-term bonds with a term of two to ten years. Pfandbriefe are general obligations of the issuing bank, and no separate vehicle is created for their issuance in general or for the issuance of any specific series of Pfandbriefe. Traditionally, Pfandbriefe have borne interest at a fixed rate, but it has become market practice that mortgage banks also issue zero-coupon and floating rate Pfandbriefe, in some cases with additional features such as step-up coupons, caps or floors. Most issues of Pfandbriefe are denominated in Euro. A mortgage bank may, however, also issue Pfandbriefe in other currencies, subject to certain limitations. The terms of Pfandbriefe may not give the holders any right to require redemption of the Pfandbriefe prior to the scheduled date of maturity.

The aggregate principal amount of the outstanding mortgage Pfandbriefe and public sector Pfandbriefe of a mortgage bank must be covered by assets that qualify for use as cover under the provisions of the Mortgage Bank Act. One single pool of assets covers outstanding mortgage Pfandbriefe, and another pool of assets covers all outstanding public sector Pfandbriefe, of the issuing bank. In the case of mortgage Pfandbriefe, only mortgage loans (or a portion thereof) with a loan-to-value ratio (i.e., the principal amount of the loan expressed as a percentage rate of the value of the mortgaged real property as determined in accordance with the Mortgage Bank Act) not exceeding 60% and claims under certain swap and other derivatives transactions that meet the requirements set forth in the Mortgage Bank Act qualify for inclusion in the asset pool. In addition to mortgage loans and claims under certain derivatives transactions, assets that are eligible as cover (“substitute cover”) include obligations of the German federal government, state governments (*Bundesländer*), as well as the EU, governments of EU member states, states that are party to the treaty on the European Economic Area, Switzerland, the United States, Canada or Japan, certain supranational banks, and credit balances with Deutsche Bundesbank and qualifying banks, subject to a limitation of all “substitute cover” to 10% of the aggregate principal amount of the mortgage Pfandbriefe and public sector Pfandbriefe of the mortgage bank that are outstanding. In the case of public sector Pfandbriefe, assets that are eligible as cover include, among other things, loans to or guaranteed by the German federal government, state governments and certain other German public sector borrowers, as well as other member states of the EU, states that are party to the treaty on the European Economic Area, Switzerland, the United States, Canada or Japan and certain other public sector borrowers in these countries, as well as the EU and certain supranational banks, as well as claims under certain derivatives transactions. With respect to public sector Pfandbriefe, “substitute cover” may only consist of credit balances with Deutsche Bundesbank and qualifying banks and is limited to 10% of the aggregate principal amount of public sector Pfandbriefe of the mortgage bank outstanding.

The Mortgage Bank Act imposes strict limitations on the aggregate principal amount of Pfandbriefe that a mortgage bank may issue. In the case of a mixed mortgage bank, the aggregate amount of all public sector and mortgage Pfandbriefe outstanding may not exceed 48 times the bank’s regulatory banking capital.

Additionally to the limitations on the aggregate principal amount of outstanding Pfandbriefe, the Mortgage Bank Act requires that (i) the outstanding mortgage Pfandbriefe and public sector Pfandbriefe must be covered by eligible cover assets at any time also on a net present value (*Barwert*) basis and (ii) the aggregate net present value of the assets in the respective asset pool must at any time exceed the net present value of the aggregate amount of obligations arising from (x) outstanding Pfandbriefe to which the pool relates and (y) derivatives transactions that are eligible as cover by 2 per cent. (“security excess cover”). The BaFin issued a regulation setting forth details on the methods for the calculation of net present values and the extent to which the cover assets must be able to absorb changes in interest and currency exchange rates.

Pursuant to the Mortgage Bank Act, the mortgage bank must keep two different registers (one for the mortgage loans and one for public sector loans, each a *Deckungsregister*) in which the assets included in each of the two cover pools are registered. In order to ensure that the pools provide adequate coverage for the outstanding Pfandbriefe, the registration is supervised and controlled by a *Treuhänder* who is appointed by the BaFin after consultation with the mortgage bank. In addition, the *Treuhänder* also monitors the mortgage bank’s compliance with other provisions of the Mortgage Bank Act. Together with the mortgage bank, the *Treuhänder* has joint custody of the assets included in the cover pools and of any documents evidencing such assets. The *Treuhänder* may release such assets to the mortgage bank only under circumstances expressly provided for by statute.

Moreover, the mortgage bank may remove any assets from the pool only with the permission of the *Treuhänder*. Any issuance of Pfandbriefe may take place only upon prior certification by the *Treuhänder* that the cover pools provide adequate coverage for the Pfandbriefe to be issued and the assets to be used as cover are listed in the relevant *Deckungsregister*.

In addition to the monitoring by the *Treuhänder*, the BaFin conducts audits every two or three years, which focus particularly on assets which were newly added to the pools. The BaFin also generally supervises compliance of mortgage banks with the provisions of the Mortgage Bank Act, including approval of valuation guidelines for mortgage property, approval of the principal characteristics of the provisions of the loans, and the enforcement of the limitations on the issuance of Pfandbriefe.

In addition to the provisions of the Mortgage Bank Act, German mortgage banks, like other types of banks, are subject to governmental supervision and regulation in accordance with the German Banking Act (*Kreditwesengesetz*) (the “Banking Act”). Supervision is primarily conducted by the BaFin, which is supported by the Deutsche Bundesbank in its capacity as the German central bank. The BaFin has comprehensive powers to instruct banks to take actions to comply with applicable laws and regulations. In addition, German banks, including mortgage banks, are required to submit extensive confidential reports to the BaFin and the Deutsche Bundesbank, which include disclosure of the statistical and operational aspects of the banks’ businesses. In their oversight and regulatory capacities, the BaFin and the Deutsche Bundesbank may take immediate action whenever required.

The holders of outstanding Pfandbriefe rank *pari passu* among themselves, and have preferential claims with respect to the assets registered in the relevant *Deckungsregister*, as the case may be. With respect to other assets of a mortgage bank, holders of Pfandbriefe rank *pari passu* with unsecured creditors of the mortgage bank. In the event of the opening of insolvency proceedings with respect to a mortgage bank, the outstanding Pfandbriefe, unlike the other debt obligations of the mortgage bank, will not be accelerated. The two pools of assets will be treated as separate pools of assets of the mortgage bank which will not be part of the insolvency proceedings with respect to the mortgage bank. Under an amendment to the Mortgage Bank Act which came into effect on 9th April, 2004, in the event of the opening of insolvency proceedings or, under certain conditions, also prior to the opening of insolvency proceedings with respect to the mortgage bank, one or two special trustee(s) (*Sachwalter*) will be appointed upon application of the BaFin for the administration of the assets included in the cover pools. Upon appointment of the special trustee(s), the special trustee(s) assume(s) all rights of the mortgage bank to administer and dispose of the assets included in the cover pools. The special trustee(s) may, with the written approval of the BaFin, also transfer in whole or in part such assets and the obligations from the outstanding Pfandbriefe by means of a bulk transfer to another mortgage bank or, if certain conditions are met, agree with another mortgage bank to hold such assets of the insolvent mortgage bank as fiduciary for the benefit of such other mortgage bank without an actual transfer of such assets. The special trustee(s) is/are supervised by the local court (*Amtsgericht*) at the place where the mortgage bank is domiciled.

Authorization

The establishment of the Program and the issue of Notes under the Program were duly authorized by a resolution of Hypo Real Estate’s management board dated 17th September, 2001.

Availability of Documents

Copies of Hypo Real Estate’s articles of association, the annual reports of the Issuer for the fiscal years ended 31st December, 2002 and 31st December, 2003, and for any fiscal year or interim period ending thereafter, the most recently published annual report and most recently published interim report of the Issuer (the Issuer currently publishes interim reports as at 31st March, 30th June and 30th September of each year), the Dealer Agreement, all Subscription Agreements, the forms of the Global Notes and the Definitive Notes, the Pricing Supplements and the Agency Agreement will be available during usual business hours on any weekday (except Saturdays and public holidays) at the offices of Banque Générale du Luxembourg S.A., in its capacity as listing agent for the Notes. All documents incorporated by reference herein will be available for collection in the English language, free of charge, at the specified offices of the Paying Agents.

Euroclear and Clearstream, Luxembourg

The Bearer Notes (other than German-Market Notes), including Bearer Pfandbriefe, have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate codes for each Tranche allocated by Euroclear and Clearstream, Luxembourg will be contained in the relevant Pricing Supplement. The Issuer and the relevant Dealer(s) may agree to deposit, or otherwise arrange for the clearance of, Bearer Notes issued under the

Program with or through an alternative clearing system, including Clearstream, Frankfurt. The relevant details of such alternative clearing system will be contained in the relevant Pricing Supplement.

Litigation

No legal, arbitration, administrative or other proceedings which could have a significant effect on Hypo Real Estate's business or financial position, or had such an effect in the last two years on Bayerische Handelsbank AG, Nürnberger Hypothekenbank AG or Süddeutsche Bodencreditbank AG until their merger on 3rd September, 2001, or on Hypo Real Estate since then, or on WestHyp in the last two years until its merger into Hypo Real Estate, have been pending, nor is Hypo Real Estate aware, to the best of its knowledge, of any such proceedings now pending or threatened. Several former shareholders of Nürnberger Hypothekenbank AG and Süddeutsche Bodencreditbank AG have initiated legal proceedings against Hypo Real Estate in connection with the merger leading to the creation of Hypo Real Estate on 3rd September, 2001. These legal proceedings challenge the conversion ratio that was applied in the merger. At present, the outcome of these proceedings is uncertain. However, Hypo Real Estate believes that the former shareholders should not succeed with their claims because the valuation of the companies that were party to the merger was based on standards promulgated by the Institute of German Auditors (*Institut der Wirtschaftsprüfer*) and was confirmed in the valuation reports prepared in connection with the merger. Hypo Real Estate believes that none of these proceedings, taken alone or together, if adversely determined, would have a significant effect on Hypo Real Estate's business or financial position. If one or more of these proceedings were adversely determined, payments to the former shareholders would be made out of capital reserves, i.e., such payments would reduce the shareholders' equity of Hypo Real Estate, and the tax consequences of such payments could also affect the net income of Hypo Real Estate.

Material Change

Except as disclosed in this Information Memorandum, there has been no adverse change in the financial position of Hypo Real Estate, which is material in the context of the Program or the issue and offering of Notes thereunder, since 31st December, 2003.

Use of Proceeds

The net proceeds from each issue of Notes will be used for Hypo Real Estate's general corporate purposes.

Listing of Notes on the Luxembourg Stock Exchange

Application has been made to list the Bearer Notes (other than German-Market Notes), including Bearer Pfandbriefe, issued under the Program within twelve months from the date hereof on the Luxembourg Stock Exchange. A legal notice relating to the Program and Hypo Real Estate's articles of association are being lodged with the Trade Register in Luxembourg (*Régistre du Commerce et des Sociétés à Luxembourg*), where such documents may be examined and copies obtained. The Issuer and the relevant Dealer(s) may agree to list Notes issued under the Program on any other or further stock exchange. The Luxembourg Stock Exchange has allocated to the Program the number 12641 for listing purposes.

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(For all other Notes)

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London Office

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London EC4Y 0PA

(For Registered Notes)

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