

Press release

Hypo Real Estate Bank is first Pfandbrief issuer to include a Japanese real estate loan in the mortgage cover pool

Munich, 29 April 2009 – Hypo Real Estate Bank is the first German Pfandbrief issuer to include a Japanese real estate loan in the mortgage cover pool. The bank is thus the first market participant to make use of the option (which existed since mid-2002) to include Japanese assets in the Pfandbrief cover pool. Moreover, the bank extended its coverage of Pfandbrief refinancing – which is in focus of its funding activities within the framework of the bank’s strategic realignment – to include assets from an additional region, enhancing the diversification of the cover pools. In a first step, a € 30 million transaction was included in the mortgage cover pool. Exposures with an aggregate volume of € 1.5 billion within HRE Group’s overall Japanese real estate financing portfolio are eligible for inclusion into the mortgage cover pool.

Assets originated in the Japanese market are the only Asian exposures to fulfil the strict legal and regulatory requirements of the German Pfandbrief Act (*Pfandbriefgesetz*). Having reached clarification regarding all regulatory aspects with the Japanese financial supervisory authority at the end of 2008 – in close cooperation with the Association of German Pfandbrief Banks (vdp) – HRE has now fulfilled all other requirements, implementing the legal infrastructure in particular.

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