

Press Release

HRE welcomes the Ministry of Finance's opinion on the continuation of pbb Deutsche Pfandbriefbank

Munich, 16 February 2011 – Hypo Real Estate welcomed the Ministry of Finance's opinion that sees the continuation of pbb Deutsche Pfandbriefbank, and ultimately a reprivatisation, as being the right way for the State to withdraw from its role as stakeholder in the bank.

Manuela Better, CEO of Deutsche Pfandbriefbank AG and HRE Holding AG said: "Reprivatisation is the option which would maximize value to the greatest extent for the sustainable, strategic business of Deutsche Pfandbriefbank, thus enabling the restructuring to bear fruit. We want to use the reprivatisation to return as much of the state aid as possible."

HRE completed the main part of the restructuring, which has been ongoing since the end of 2008, with the transfer of non-strategic assets to FMS Wertmanagement. This asset transfer strengthened pbb Deutsche Pfandbriefbank as the strategic core bank and it has become independent of liquidity support from SoFFin as a result of its improved balance sheet structure. Since then, pbb Deutsche Pfandbriefbank's focus has been on providing credit to its customers in real estate business and in the public sector. The demand for financing is increasing, whereas the number of banks providing these services is decreasing. pbb Deutsche Pfandbriefbank posted a profit in the third and fourth quarters in 2010 and expects to remain profitable for the whole of 2011.

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