

Media Release

All companies within the HRE Group profitable in the fourth quarter 2010 ○ **Deutsche Pfandbriefbank posts over Euro 90 mil. profit**

Munich, 15. February 2011 – On Tuesday, Hypo Real Estate (HRE) gave a positive indication with regard to business results in the fourth quarter of 2010. According to the preliminary figures, which have not yet been audited, the Deutsche Pfandbriefbank and DEPFA sub-groups, and therefore the entire HRE Group, have posted a positive pre-tax profit in the fourth quarter 2010.

Manuela Better, CEO of HRE Holding AG and Deutsche Pfandbriefbank AG, said: “The restructuring of the company over the last two years is proving its merit. All Group entities were profitable in the last quarter 2010 and we also expect pbb Deutsche Pfandbriefbank, the strategic core bank, to be profitable in 2011. We continue to work towards the reprivatisation of pbb Deutsche Pfandbriefbank with the goal of using the revenue that reprivatisation would produce to repay a further, considerable part of the state aid.

HRE expects a pre-tax profit of over Euro 90 mil. in the last quarter 2010 for the Deutsche Pfandbriefbank sub-group. The positive result can be attributed to the profitability of the existing pbb Deutsche Pfandbriefbank portfolios as well as one-off effects. pbb Deutsche Pfandbriefbank had already concluded the third quarter with a positive result but – as for DEPFA and the entire HRE Group – will post an overall loss for the full year 2010. The results for the fourth quarter can only be projected to future quarters to a limited extent.

The annual reports for 2010 will be published in mid-April 2011.

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