

Press release

Hypo Real Estate Bank AG to sell a non-strategic real estate financing portfolio of around EUR 4.27 billion

- **53,300 loans sold to ING-DiBa**
- **Further concentration on core business in the Commercial Real Estate segment**

Munich, 3 August 2007: Hypo Real Estate Bank AG, which belongs to the Hypo Real Estate Group, has signed a purchase agreement regarding a German real estate financing portfolio worth EUR 4.27 billion with ING-DiBa AG. As a result Hypo Real Estate Bank AG will permanently part from the portfolio.

The portfolio comprises 53,300 performing loans of approx. 39,000 borrowers. The non-core loans comprise mainly residential financing (maximum sum per loan: EUR 1 million). They are secured by mortgages on around 41,500 properties, and had been extended mainly to private customers by the predecessors of Hypo Real Estate Bank AG. The parties have agreed not to disclose the purchase price. In 2004, Hypo Real Estate Bank AG had outsourced the administration and servicing of the loans which have now been sold to an external service provider.

Announced measure / financial impact

When it announced its results for 2006, the bank published its aim of placing around EUR 5 billion from its non-strategic Germany portfolio in the whole of 2007. This portfolio sale is part of the announced measures.

Within the real estate financing activities of the Group, the sale is a further step towards a complete concentration on large-volume commercial business.

The positive financial effects of the portfolio sale exceed the assumptions included in the original planning for 2007. In addition costs in the Group can be reduced further by EUR 10 million starting in 2008 with the sale. Furthermore the sale will also release capital, which can be employed more profitably in other areas of business.

Hypo Real Estate Group

The Hypo Real Estate Group is one of the largest European providers of commercial real estate financing. The Group has around 1230 employees (31 December 2006), and consists of the listed **Hypo Real Estate Holding AG** based in Munich as well as operating business units. **Hypo Real Estate Bank International AG** (Stuttgart) and **Hypo Real Estate Bank AG** (Munich) are responsible for real estate financing (**Commercial Real Estate segment**). **Hypo Public Finance Bank** (Dublin) combines public sector business with financing of infrastructure projects. The Group also operates asset management; it offers innovative products which enable credit risks and services from its area of competence to be managed for third parties (**Asset Finance und Asset Management segment**). Hypo Real Estate Holding AG shares have been listed on the German DAX since December 2005.

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