

## Press release

### **HRE merges DEPFA Deutsche Pfandbriefbank and Hypo Real Estate Bank to form Deutsche Pfandbriefbank AG**

**Munich, 29 June 2009** – HRE has successfully completed the merger – as announced previously – of its two bank subsidiaries licensed to issue German asset-covered bonds (“*Pfandbriefe*”), thus making further progress in the Group's repositioning. The Munich local court registered the merger of DEPFA Deutsche Pfandbriefbank AG into Hypo Real Estate Bank AG on 29 June 2009. The new entity will trade under the name of "Deutsche Pfandbriefbank AG", and will have its registered office in Munich.

As the Group's strategic core bank, Deutsche Pfandbriefbank combines the Group's strategic assets and new business in its real estate finance and public finance segments. The name of the new bank highlights its focus on Pfandbrief issuance as a core refinancing vehicle.

The merger of DEPFA Deutsche Pfandbriefbank into Hypo Real Estate Bank marks a key step in the announced realignment of the Group. Following, as it does, the merger in November 2008 of Hypo Real Estate Bank and Hypo Real Estate Bank International – the Group's two former real estate banks – all of the Group's German bank subsidiaries have now been merged to form Deutsche Pfandbriefbank.

The Irish bank subsidiary DEPFA BANK plc, Dublin, where the Group's so called Value Portfolio is managed, will continue to be directly owned by HRE Holding. The Group is reviewing options to transfer significant parts of this portfolio, together with problematic or non-strategic real estate loans, into a deconsolidated environment, a so-called wind-down institute (“Abwicklungsanstalt”).

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