

Press Release

Merger of the Pfandbrief banks in HRE Group about to be concluded

- **DEPFA Deutsche Pfandbriefbank to be merged with Hypo Real Estate Bank**
- **New entity will be deemed a strategic asset and transact new business**

Munich, 10 June 2009 - Hypo Real Estate is continuing the process of re-aligning the Group. The planned merger of the two Pfandbrief banks - Hypo Real Estate Bank AG, Munich and DEPFA Deutsche Pfandbriefbank AG, Eschborn – is imminent, subject to entry in the commercial register in Munich. The AGM's of both companies approved a corresponding merger agreement at the beginning of June. On Wednesday, the merger was entered in the commercial register in Frankfurt. The merger will become effective with the corresponding entry in the Munich commercial register.

The strategic assets of the Group will, as notified, in future form part of this entity. New business both in real estate and public finance will be done in this bank. The re-financing of the business will be conducted predominantly via the Pfandbrief. The new entity will be operational under a new name in the foreseeable future.

The Group is currently re-aligning itself as a specialist bank for real estate and public finance. One element of this re-alignment is the simplification and integration of the group structures. Already in November 2008 Hypo Real Estate merged its two real estate entities, Hypo Real Estate Bank International and Hypo Real Estate Bank with retrospective effect from 1 January 2008. The combination of Hypo Real Estate Bank and DEPFA Deutsche Pfandbriefbank Bank will take effect formally via a merger of DEPFA Deutsche Pfandbrief Bank into Hypo Real Estate Bank. In the context of the merger, and pursuant to § 23 of the Reorganisation of Companies Act, Hypo Real Estate Bank will grant equal rights to the owners of DEPFA Deutsche Pfandbriefbank certificates.

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