



DEUTSCHE
PFANDBRIEFBANK

Press Release

pbb Deutsche Pfandbriefbank sells US CDOs

Munich, 27 October 2009 – pbb Deutsche Pfandbriefbank has sold distressed Collateralised Debt Obligations (CDOs) with a notional value of EUR 759 million. The portfolio consists primarily of US structured finance assets. The transaction resulted in a small single digit million euros book gain.

This sale is the second achievement in recent weeks in the bank's endeavours to improve its balance sheet and reduce complexity – to allow it to focus on the strategic core businesses of public sector and real estate finance. On 19 October 2009, the bank had announced it had sold its claims related to the Lehman bankruptcy. The timing of the transactions capitalised on the current wave of interest in distressed assets as investors demonstrate renewed appetite for risk.

pbb Deutsche Pfandbriefbank CEO Axel Wieandt said: "We continue to reduce the size of our balance sheet. We are pleased to see our valuation of these CDOs confirmed by the market."

The sale was conducted as an auction which generated interest from major US and European investment banks, asset managers, and investment funds. CDOs were awarded to six winning bidders.

Prior to the sale, HRE Group's CDO inventory had amounted to around EUR 2,640 million (notional value), of which around EUR 1,442 million were US CDOs, the remaining around EUR 1,198 million were European CDOs. The bank intends to continue to exploit opportunities which may arise to sell its remaining CDO exposure.

Notes to Editors:

pbb Deutsche Pfandbriefbank is the strategic core bank of HRE Group. The bank combines the Group's strategic assets and generates new business in its real estate finance and public finance segments. Its core funding vehicle is the Pfandbrief.

pbb Deutsche Pfandbriefbank was formed in June 2009, as a result of the merger of DEPFA Deutsche Pfandbriefbank and Hypo Real Estate Bank. The company's registered office is Munich, Germany.

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