

**2009 Declaration of Conformity**  
**of Deutsche Hypothekbank (Actien-Gesellschaft) Hanover/Berlin**  
**with regard to the recommendations of the**  
**"Government Commission on the German Corporate Governance Code"**

The Board of Managing Directors and the Supervisory Board of Deutsche Hypothekbank (Actien-Gesellschaft), Hanover/Berlin hereby declare in accordance with Section 161 of the Joint Stock Corporation Act:

1. Deutsche Hypothekbank (Actien-Gesellschaft) Hanover/Berlin, since its last declaration of 18.12.08, has complied with the recommendations of the Government Commission on the German Corporate Governance Code of 06.06.08 and as last amended on 18.06.09, with the following exceptions:
  - a) The recommendations of the Code on the topics of invitations to the General Meeting and proxies were not implemented (No. 2.3).
  - b) A D&O policy existed for the Board of Managing Directors and Supervisory Board without a suitable deductible (No. 3.8).
  - c) The Board of Managing Directors did not have a chairperson or spokesperson (No. 4.2.1).
  - d) The compensation system for the Board of Managing Directors, including the major contractual elements, is not determined by the full Supervisory Board, but rather by the Supervisory Board Personnel Committee (No. 4.2.2).
  - e) The emoluments of the members of the Board of Managing Directors and Supervisory Board and the material content of commitments entered into in the event of the activity of Board members being terminated were not broken down in the Notes to the annual accounts (Nos. 4.2.4, 4.2.5 and 5.4.6).
  - f) In the General Meeting held on 14.05.2009, 4 new members of the Supervisory Board were elected. This election did not take place on an individual basis (No. 5.4.3).
  - g) The half-yearly financial report was published on 28.08.09 and thus somewhat later than 45 days after the end of the reporting period (No. 7.1.2). The report was published in accordance with Article 37w of the Securities Trading Act. This Article stipulates that publication may take place no later than 2 months after the end of the reporting period.
  
2. Deutsche Hypothekbank (Actien-Gesellschaft), Hanover/Berlin shall adhere to the recommendations of the Government Commission on the German Corporate Governance Code as last amended on 18.06.09, subject to the exceptions listed under 1.a), 1.b), 1.e) to 1.g). With regard to point 1.b), it should be noted that, in future, a D&O policy without a suitable deductible will only exist for the members of the Supervisory Board.



**Explanations:**

**Re. No. 2.3**

NORD/LB holds 100% of the shares in Deutsche Hypo. There are no “ordinary” shareholders. The recommendations of No. 2.3 apply to convening General Meetings of public limited companies with various shareholders. This is no longer the case for Deutsche Hypo, consequently these recommendations have ceased to be implemented and shall no longer be applied in future.

**Re. No. 3.8**

Deutsche Hypo has not followed this recommendation in the past. In the future, on the basis of the amended legal situation in accordance with Article 93 para. 2 of the Joint Stock Corporation Act, an appropriate deductible will be agreed for the Board of Managing Directors within the framework of the existing D&O policy. The members of the Supervisory Board shall still be entitled to the D&O policy without any deductible. The reason for this is as follows:

Due to the principles of equal treatment, a deductible would have to be identical for all persons insured. In addition, it follows from the principle of appropriateness that the deductible would have to be determined on the basis of the highest income and assets among the group of persons insured. As a result, this deductible would have a varying effect on the members of the Supervisory Board depending on their personal economic circumstances. In the most extreme case, for example, those members of the Supervisory Board with lower net worth could find themselves in financial difficulties. Taking into account their equal responsibilities, this would not appear to be a fair approach.

**Re. No. 4.2.1**

Deutsche Hypo has not followed this recommendation in the past. The reason for this is as follows:

Within Deutsche Hypo, the Board of Managing Directors consists of members holding equal rights, as has been the practice for many years. The rules of procedure for the Board of Managing Directors clearly set out the tasks and responsibilities of the Board members. The rules of procedure and the competence regulations for the lower-ranking group of persons, derived from the rules of procedure, stipulate that all important decisions will be taken by the full Board of Managing Directors. The weekly meetings of the full Board of Managing Directors serve as the plenum for reaching decisions. This ensures that all members of the Board of Managing Directors are informed of all significant matters, thereby guaranteeing consistent management of the company and ultimately ensuring that all members of the Board of Managing Directors are jointly responsible for all major company decisions.

Within the course of the integration of Deutsche Hypo into the NORD/LB Group, the general conditions are changing, meaning that Deutsche Hypo will comply with this recommendation in the future. As of 01.02.2010, Deutsche Hypo will have a Chairman of the Board of Managing Directors.

**Re. No. 4.2.2**

On the basis of the rules of procedure of the Supervisory Board, questions concerning the emoluments of the Board of Managing Directors shall be passed on to the Personnel Committee so that said Committee may reach a decision and implement this independently. The Personnel Committee advises on the structure of the compensation system and reviews this at regular intervals. Within the context of the reports compiled by the committees, the entire

Supervisory Board is informed of the work carried out by the Personnel Committee and of the results. This procedure has proved its worth in the past; Deutsche Hypo does not deem it urgently necessary to deviate from this practice.

In future, the full Supervisory Board will determine the total emoluments of the individual members of the Board of Managing Directors, in implementation of the regulations contained in the Act on the Appropriateness of Management Board Remuneration. Furthermore, in application of the recommendation on this matter contained in the Corporate Governance Code, the full Supervisory Board will determine the compensation system for the Board of Managing Directors and will review this at regular intervals.

**Re. Nos. 4.2.4, 4.2.5 and 5.4.7**

The emoluments of the members of the Board of Managing Directors and Supervisory Board have not been listed for each individual member in the past. Moreover, Deutsche Hypothekenbank will not be complying with this recommendation in future:

In the Extraordinary General Meeting of Deutsche Hypothekenbank on 13 November 2006, with the required majority, a ruling was taken in accordance with Article 286 para. 5 of the German Commercial Code that the individual information on the emoluments of the members of the Board of Managing Directors will not be provided.

The emoluments paid to the members of the Supervisory Board are regulated in the Articles of Association of Deutsche Hypothekenbank, which may be consulted on the Bank's website. The payment made to each member of the Supervisory Board can basically be derived from this. There is no obvious benefit to be gained from breaking down the amounts by individual member.

**Re. No. 5.4.3**

The explanations regarding No. 2.3 shall apply accordingly here. The recommendation to implement elections to the Supervisory Board on an individual basis serves to protect the interests of the ordinary shareholders. This no longer reflects the situation at Deutsche Hypo, meaning that this recommendation has not been followed and will also not be observed in future.

**Re. No. 7.1.2**

Due to the fact that Deutsche Hypo belongs to the NORD/LB Group, it is integrated into the Group procedures with regard to the publication of interim reports, financial reports and the annual financial statement. The half-yearly financial statement is published in accordance with Article 37w of the Securities Trading Act. This Article stipulates that publication may take place scheduled no later than 2 months from the end of the reporting period.

Hanover, 17.12.09

The Supervisory Board

The Board of Managing Directors