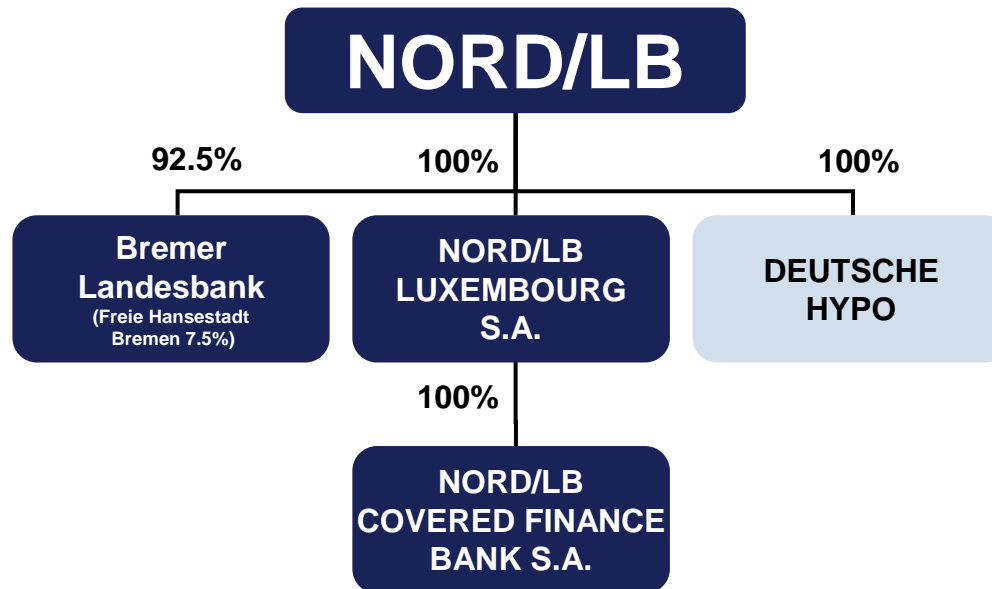




Data basis December 2009

.. Owner Structure



**•• Integration of DEUTSCHE HYPO into NORD/LB Group**

**NORD/LB – Norddeutsche Landesbank Girozentrale**

- Leading Bank in Northern Germany
  - Part of Savings Bank Association
  - Private Banking and business clients
  - Structured Finance
  - Financial Markets

see also Annex, p. 21

**DEUTSCHE HYPO**

- Center of competence and brand name for commercial real estate business in the NORD/LB Group
- National and international public finance business
- Mortgage law (“Pfandbriefgesetz”) as basis of its business model
- Independent market approach

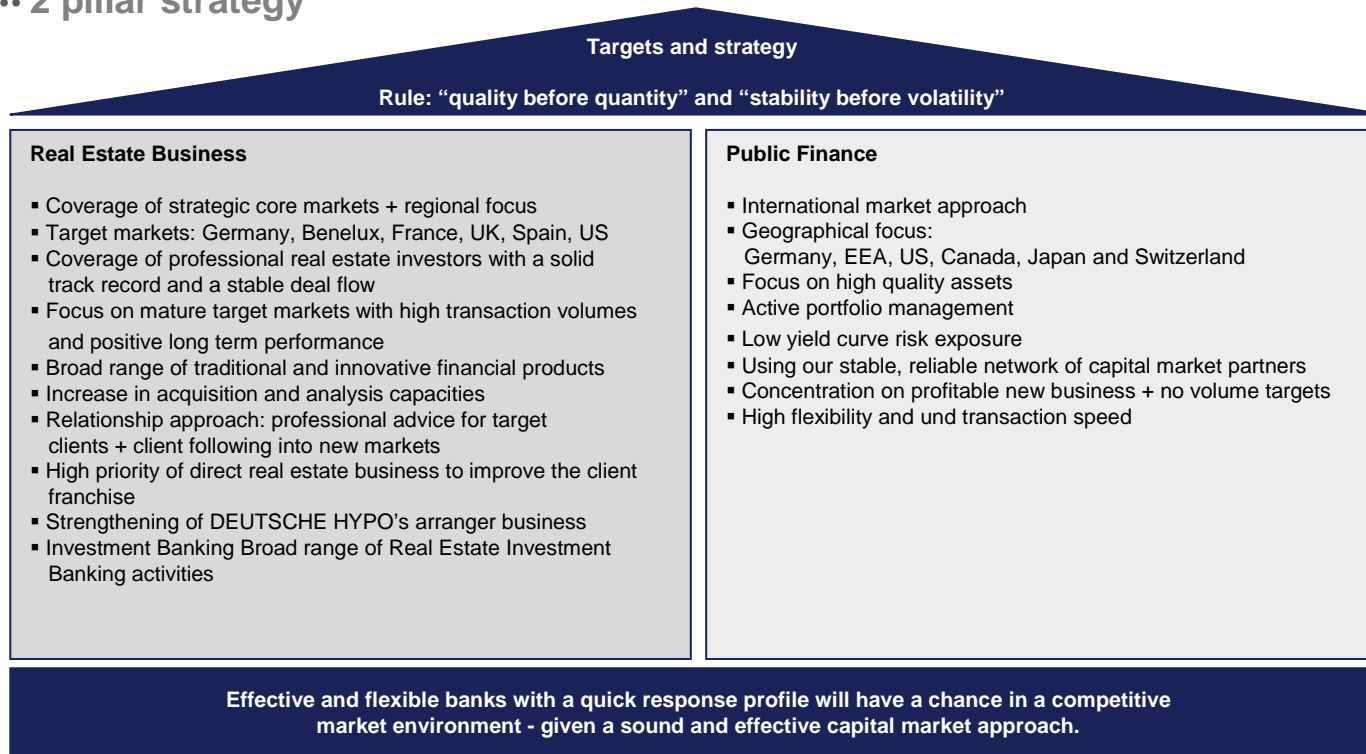
**Bremer Landesbank**

- Biggest regional bank between the rivers Ems and Elbe
- Landesbank

**NORD/LB COVERED FINANCE BANK S.A.**

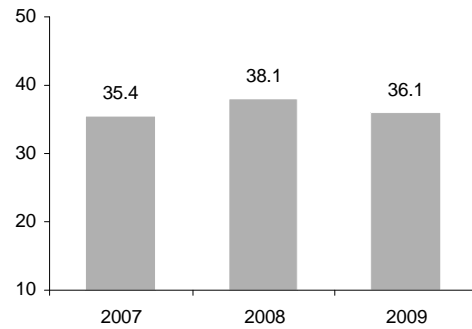
- Luxemburg Mortgage Law as basis of its business model (“Lettres de gage“)
- Medium and long-term covered bonds

### .. 2 pillar strategy

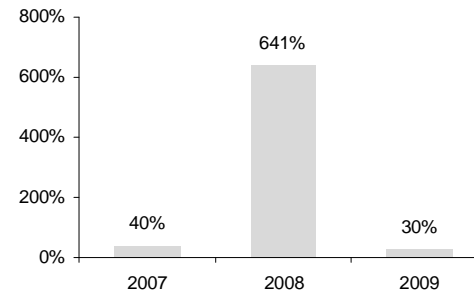


## Financial Figures

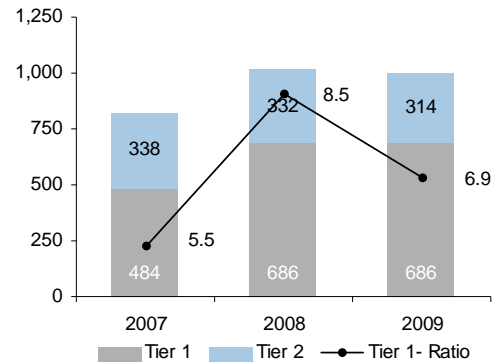
Balance sheet in € bn (IFRS)



Cost Income Ratio



Equity Capital in € mn (SolvV)



Result from Ordinary Activities in € mn (IFRS)



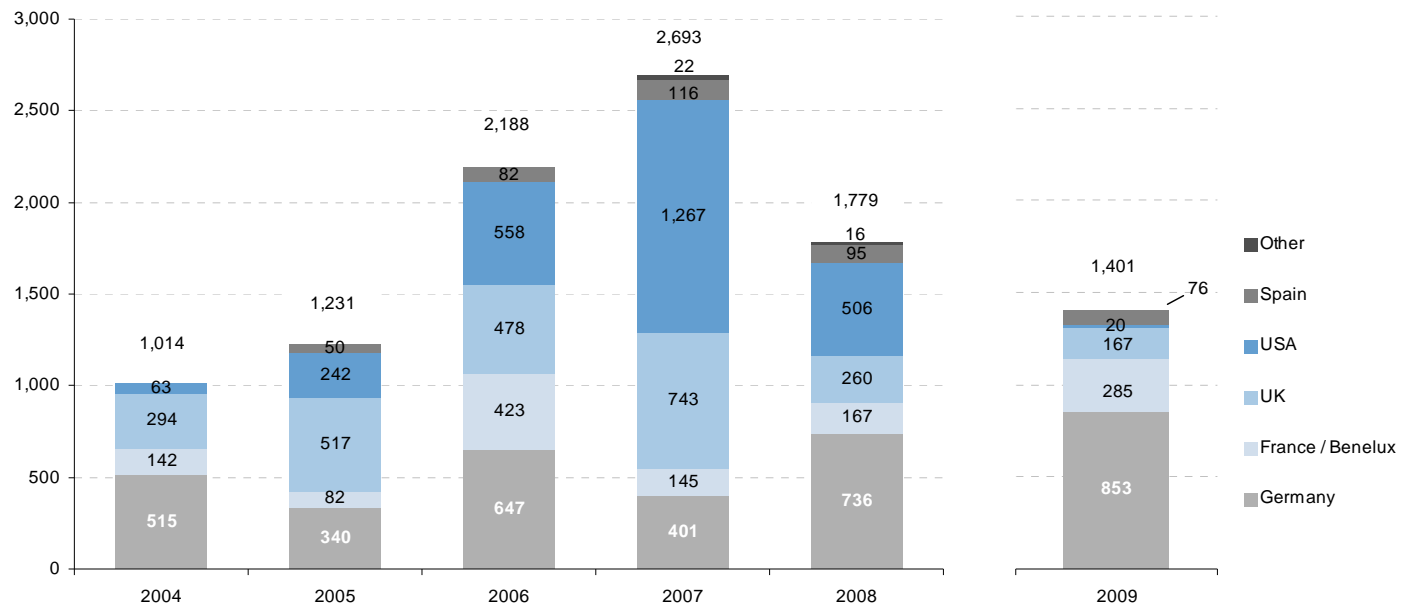
## Ratings

•• Current rating situation as part of NORD/LB Group

	Moody's
Public Pfandbriefe	Aaa
Mortgage Pfandbriefe	Aaa
Senior Unsecured Rating	A1 (stable)
Short-term Bank Deposits	P-1 (stable)
Financial Strength	C- (negative)

## Real Estate Business

### •• New business by region (in € mn)

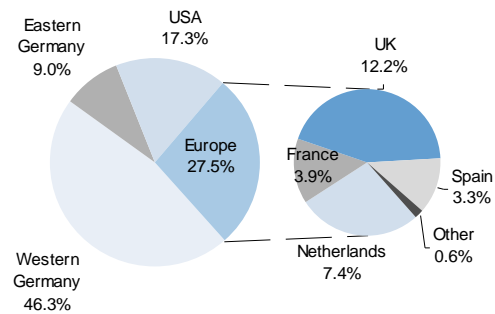


## Real Estate Business

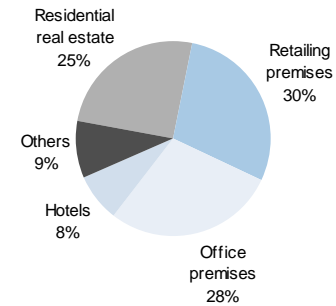
### •• Regional breakdown as at 31/12/09 (in € mn)

Region	Residential real estate	Retailing premises	Office premises	Hotels	Others	Total
Western Germany	1,433	1,607	1,028	86	371	4,526
Eastern Germany	466	262	56	23	74	880
USA	341	287	595	327	141	1,691
Netherlands	129	110	341	105	43	728
France	66	55	170	26	66	383
UK	57	272	484	194	183	1,190
Spain	0	197	81	48	0	325
Other	0	21	3	0	39	62
<b>Total</b>	<b>2,492</b>	<b>2,811</b>	<b>2,758</b>	<b>808</b>	<b>916</b>	<b>9,784</b>

Regional breakdown  
as at 31/12/09



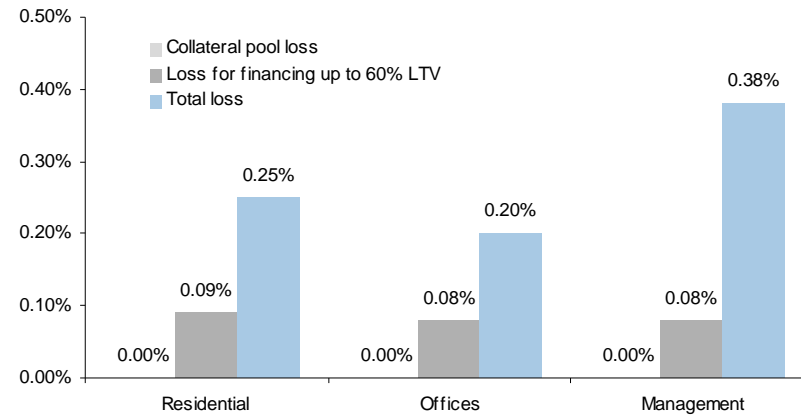
Breakdown by property type  
as at 31/12/09



### •• Average capital loss

- Very low loss ratio (0.09%) for financing up to 60% LTV
- No loss in cover pool assets underlining the high level of quality and security of the Pfandbrief
- Moderate level of loss regarding commercial (0.20%) and residential real estate (0.25%)
- Higher loss levels in management financing underline the low secondary market opportunities in this sector

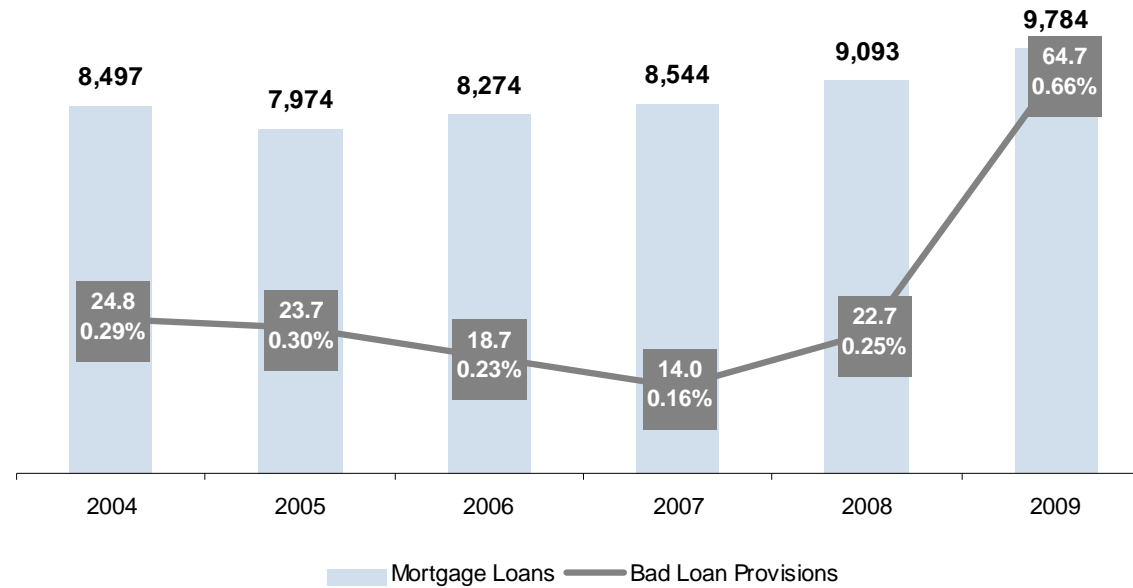
Ø Capital cost (eff.)\* in real estate business (1999 - 2009)



Capital cost \*): The capital cost shows the proportion of effective capital loss in relation to the real estate credit volume.

## Real Estate Business

•• Bad loan provisions in € mn



## Mortgage Collateral Pool

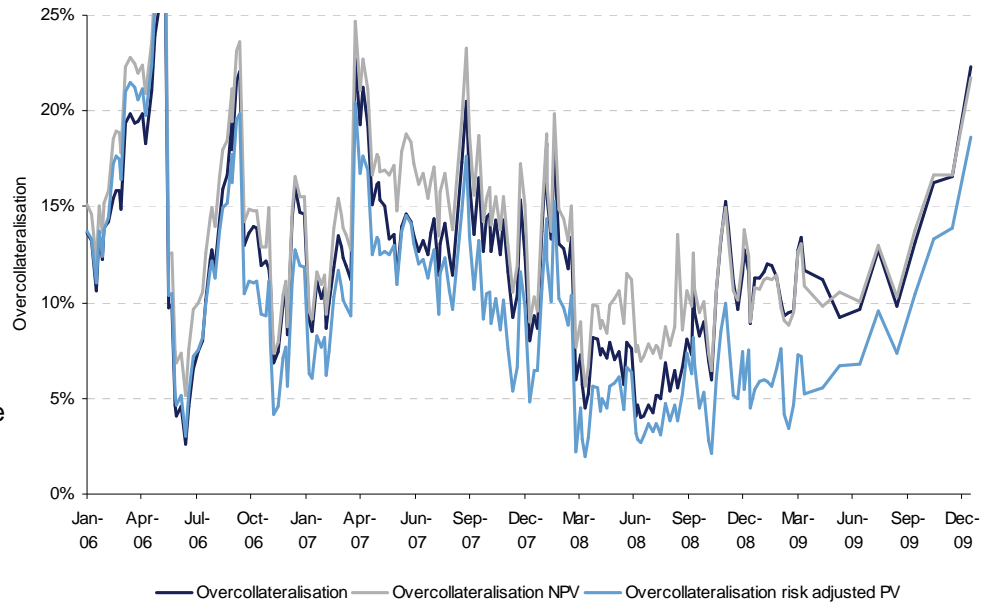
### •• Overcollateralisation

#### Average overcollateralisation since 2006

- Nominal  $\varnothing$  12.03%
- NPV  $\varnothing$  13.68%
- Risk adjusted PV \*)  $\varnothing$  9.85%

#### Risk adjusted present value \*):

The risk adjusted present value is the lowest collateral PV regarding a simulation of interest and currency shifts according to section 5 and 6 PfandBarwertV (dynamic approach).



Overcollateralisation	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Risk adjusted present value
Nominal in %	5.63	11.68	13.59	11.77	12.90	14.03	23.53	Dec-09
NPV in %	8.75	14.30	15.00	10.95	13.60	14.99	23.53	19.85%

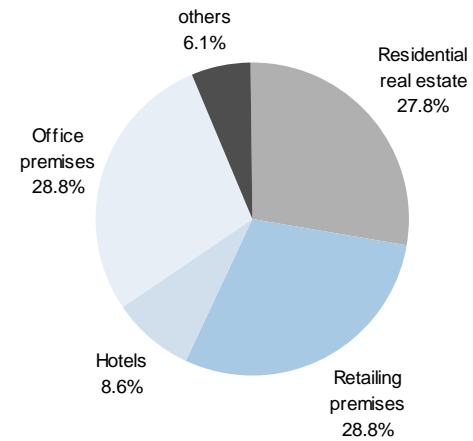
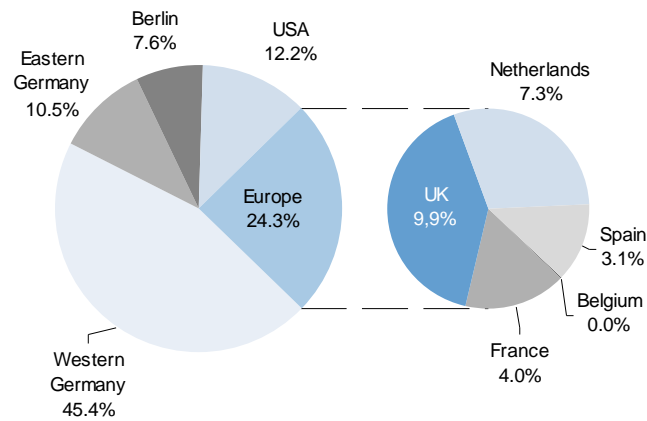
## Mortgage Collateral Pool

•• Apart from auxiliary collateral under section 19 PfandBG

Collateral pool by region

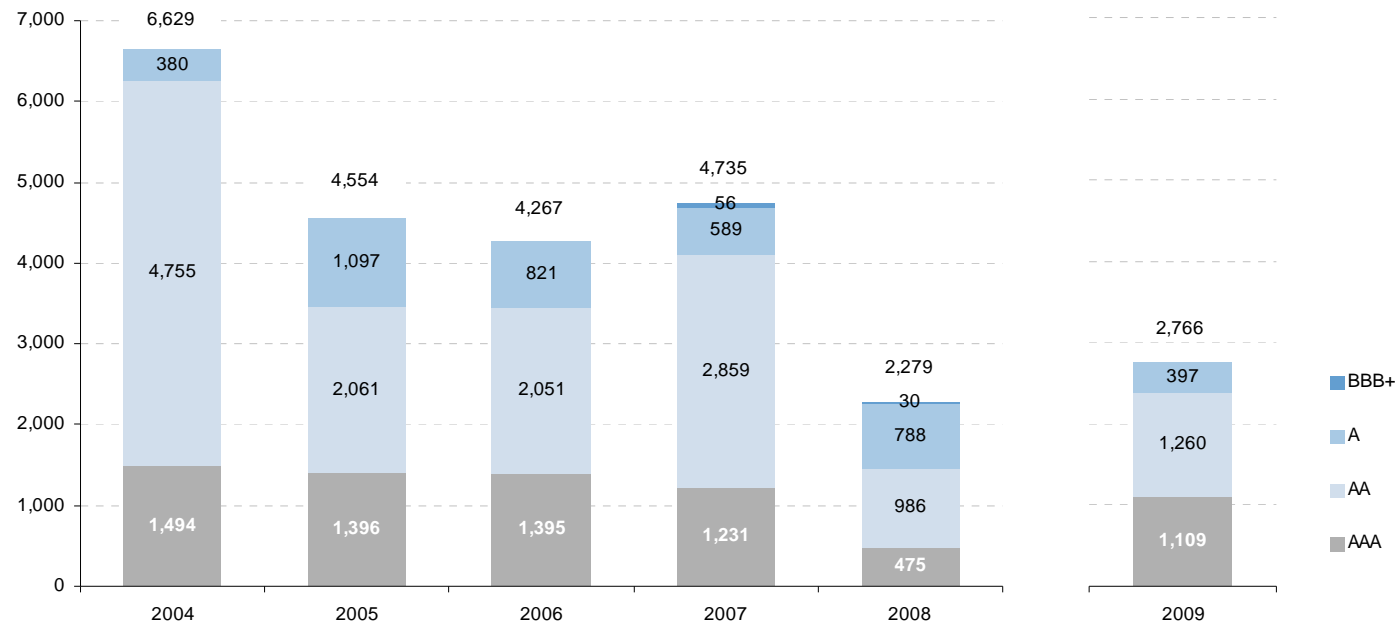
Collateral pool by property type

Total volume € 6,107 mn as at 31/12/09



## Public Finance

### •• New business by ratings (in € mn)



## Public Sector Collateral Pool

### .. Credit quality

#### Pool management criteria

- Securing of AAA rating for Public Pfandbriefe
- Target: average credit rating in the public sector cover pool => AA
- High granularity
- Horizontal (international/regional) and vertical (State/Region/City) diversification

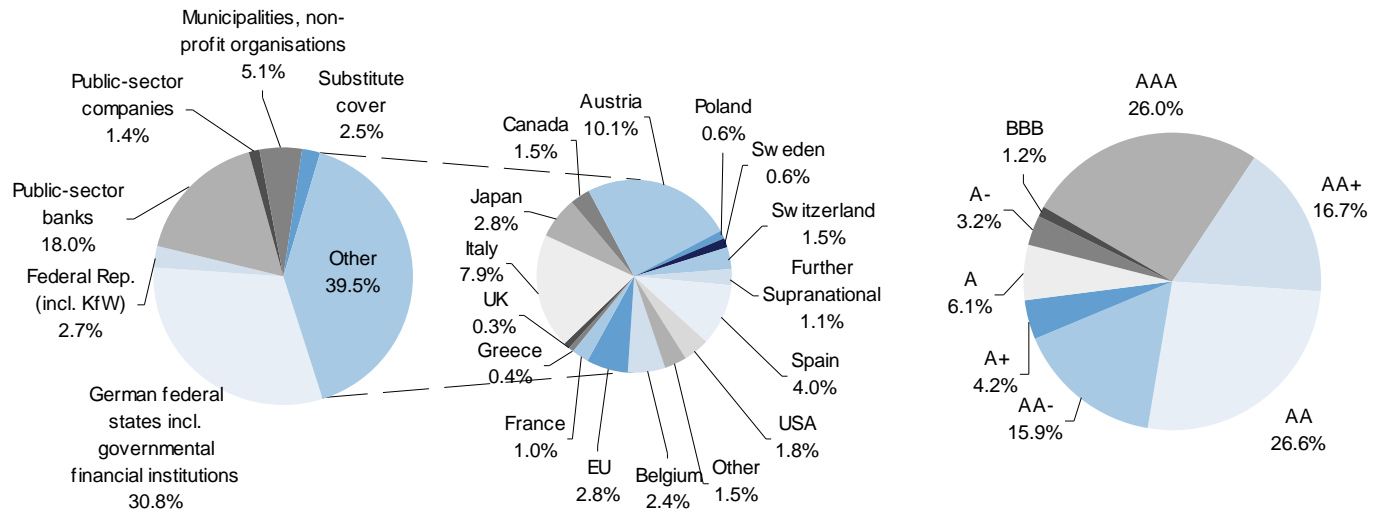
**No loss in Public Sector Collateral Pool**

## Public Sector Collateral Pool

### Collateral pool by borrower

### Collateral pool by rating

Total volume € 16,648 mn as at 31/12/09



## Public Sector Collateral Pool

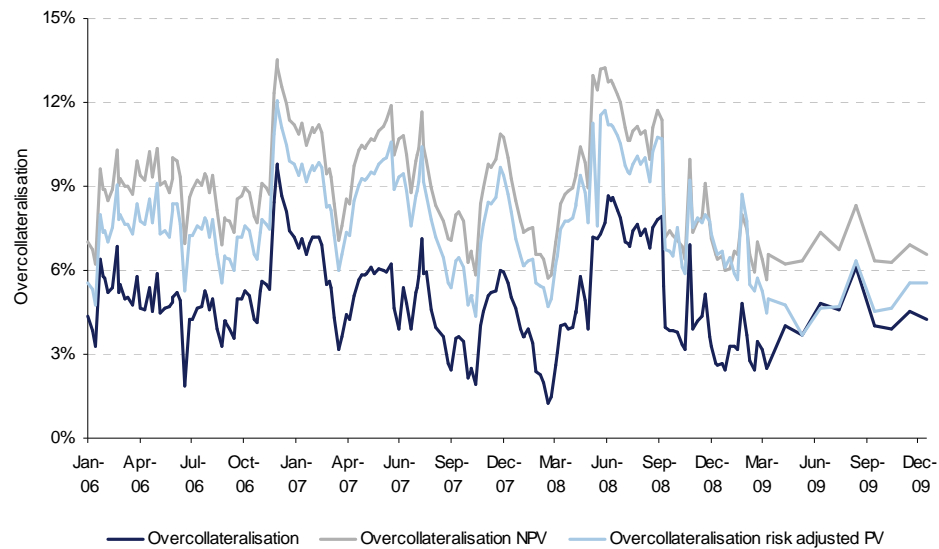
### .. Overcollateralisation

#### Average overcollateralisation since 2006

- Nominal  $\varnothing$  4.96%
- NPV  $\varnothing$  9.00%
- Risk adjusted PV \*)  $\varnothing$  7.77%

#### Risk adjusted present value \*):

The risk adjusted present value is the lowest collateral PV regarding a simulation of interest and currency shifts according to section 5 and 6 PfandBarwertV (dynamic approach).



Overcollateralisation	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Risk adjusted present value
Nominal in %	8.49	5.60	2.74	3.02	4.75	3.94	4.20	Dec-09
NPV in %	12.80	8.90	6.69	7.02	7.32	6.27	6.54	5.37%

### •• Aaa ratings for Pfandbriefe are the basis of our funding activities

#### Funding philosophy

- Our funding policy consistently complies with market demand
- Reliable issue spreads
- Jumbo-, benchmark- or other high volume issues are a source of funding
- DEUTSCHE HYPO's good reputation and high issuer standing support our placement activities (esp. in senior unsecured notes)
- Visibility by being a permanent issuer of Public and Mortgage Pfandbriefe
- Broadening of our investor basis

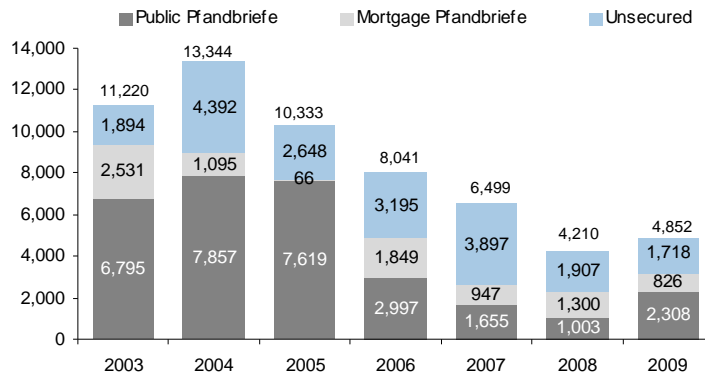
#### Funding instruments

- Funding by
  - Public Pfandbriefe
  - Mortgage Pfandbriefe
  - Senior Unsecured Notes
- Products
  - Private placements
  - Tailor made (structured) products
  - Jumbo-Pfandbriefe or other high volume (benchmark) issues
- Platforms
  - Debt Issuance Programme
  - Registered bonds
- Stable funding based on our reliable network of capital market partners

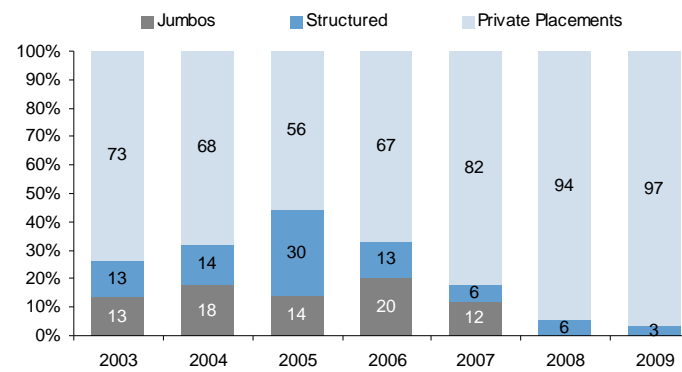
**DEUTSCHE HYPO's cost effective funding is the competitive edge in its credit business**

## Funding

Funding mix (in € mn)



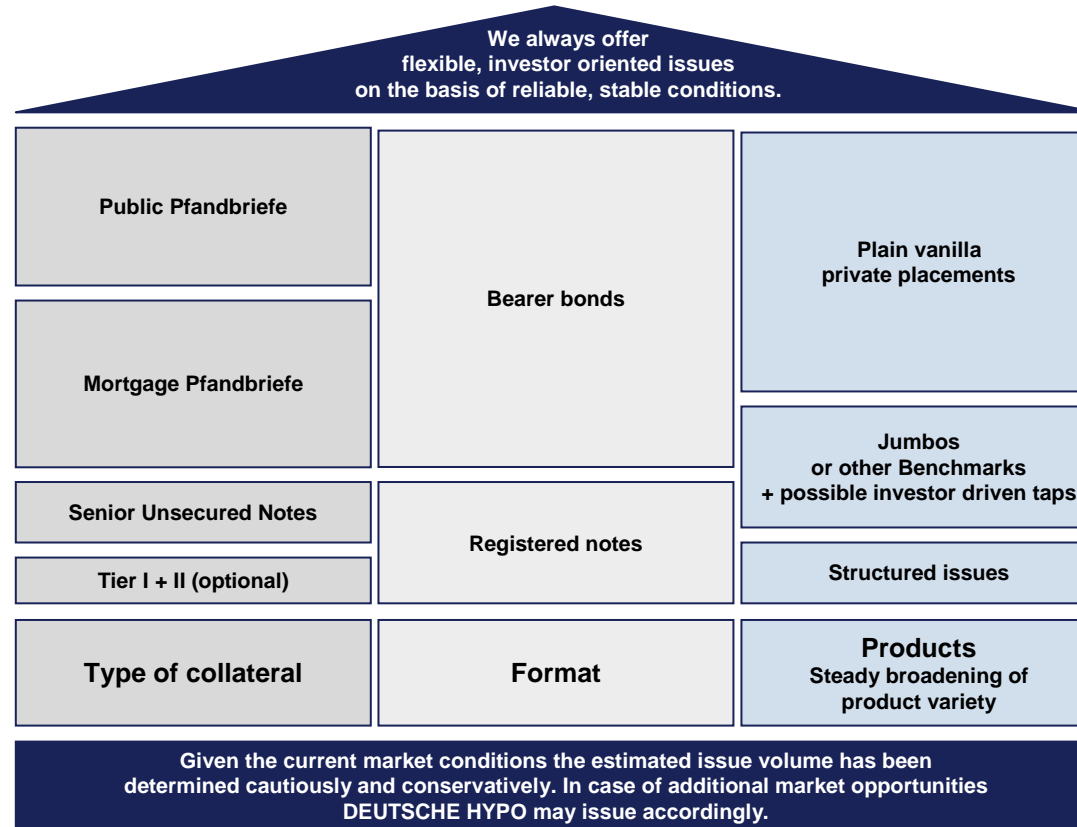
Structure breakdown (%)



## Funding

### .. Outlook 2010

We expect an issue volume of approx. **€ 6.5 bn** in all major currencies as EUR, CHF, USD, JPY, GBP, ...



### •• Good reasons for buying DEUTSCHE HYPO bonds

- Broad product range
- Reliable, stable issue levels + flexible handling of issue platforms and products (consistent funding strategy)
- “Core“ segment of Covered Bond market
- Well-established name “DEUTSCHE HYPO“
- Low headline risk
- Relatively low spread volatility
- High issue volume, if needed
  - Jumbos
  - Other benchmark issues or formats
  - Large private placements
- Stable Group
- Letter of comfort by NORD/LB
- Profitable franchise by clearly defined group responsibilities
- Part of the Savings Banks’ guarantee system (“Haftungsverbund der Sparkassen-Finanzgruppe“)
  - Unlimited guarantee volume
  - Professional investors are protected as well
  - Liquidity and solvency protection
  - The protection system allows the continuation of the bank’s business
  - The protected bank complies with its obligations

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Deutsche Bundesbank: 250 106 00

## •• **NORD/LB – portrait of a leading regional bank with international business approach**

- One of the biggest banks in **Germany**
- Business focus on **northern Germany**
- **Landesbank** for Lower-Saxony (Niedersachsen) and Saxony-Anhalt (Sachsen-Anhalt)
- **Saving Banks' central bank** in Lower-Saxony, Saxony-Anhalt and Mecklenburg-Vorpommern (Mecklenburg-Vorpommern)
- One of the **leading German Banks in national and international Bond Syndication**
- **Broad variety of products** for private, business, institutional and public clients
- **Business Focus** of NORD/LB:
  - Financial Markets
  - Agricultural Banking
  - Real Estate Banking
  - Structured Finance
  - Ship Financing
  - Aircraft Financing
  - Private Banking
  - Savings Bank in Brunswick area (Braunschweig)
- **International** bank
- **Presence in all relevant financial and business centres** (e.g. London, Singapore, New York)
- **World-wide network** of branches and service offices
- **Contact to 1,500 banks** world-wide



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