

Moody's reviews Deutsche Hypo's A2 ratings for possible upgrade

Rating actions follow the announcement of NORD/LB's take-over bid for Deutsche Hypothekenbank. All ratings for NORD/LB are affirmed

Moody's Investors Service today placed Deutsche Hypothekenbank AG's A2 long-term debt and deposit ratings on review for possible upgrade and affirmed its C Bank Financial Strength rating (BFSR) and P-1 short term rating. Concurrently all ratings for Norddeutsche Landesbank Girozentrale's (NORD/LB) (Aa2/C-) and its Luxembourg based subsidiary NORD/LB Luxembourg S.A.'s ratings (Aa3/C-) were affirmed. The rating actions follow the announcement of NORD/LB's take-over bid for Deutsche Hypothekenbank AG.

Moody's said that the rating review will focus on the extent to which Deutsche Hypothekenbank AG may benefit from integration and support from more highly rated NORD/LB. Moody's noted that, Deutsche Hypothekenbank AG's C BFSR has been affirmed and reflects the expectation that the strength of the bank's business franchise should be maintained following the purchase. The debt financed acquisition of Deutsche Hypothekenbank will roughly double NORD/LB's commercial real estate portfolio to EUR 19 billion.

All ratings for NORD/LB and its subsidiary NORD/LB Luxembourg A.S. were affirmed. This reflects Moody's view that the overall impact of the planned take-over is ratings neutral for NORD/LB in terms of capital, risk and liquidity.

Both, Deutsche Hypothekenbank AG and NORD/LB are headquartered in Hannover, Germany. Deutsche Hypothekenbank had assets of EUR 34.7 billion and a net profit of EUR 39 million; while NORD/LB had assets of EUR 203.1 billion and a net profit of EUR 273 million at year-end 2006.