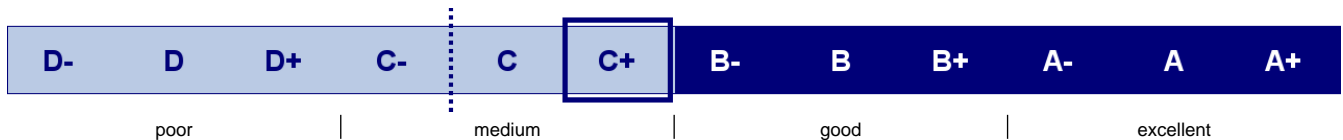


oekom Corporate Rating

Deutsche Hypothekenbank AG

Industry: Financials/Mortgage & Public Sector Finance
Country: Germany
ISIN: DE000DHY4614
Bloomberg Ticker: HHY GR Equity

Status: **Prime**
Rating: **C+**
Prime Threshold: **C**



Company Profile

Deutsche Hypothekenbank is a mortgage bank that specialises in large-scale commercial financing with professional real estate customers and the construction of residential buildings for investment purposes. The company is organised into three business segments: the activities of the commercial real estate finance business are combined in the real estate finance segment. The capital market segment represents the activities of the public finance and the refinancing business. The Other segment covers other parts of the group, e.g. consolidations and transition items regarding the group's overall figures. Since 2008, Deutsche Hypothekenbank is a wholly-owned subsidiary of Norddeutsche Landesbank (NORD/LB).

Competitive Position

Industry Leaders

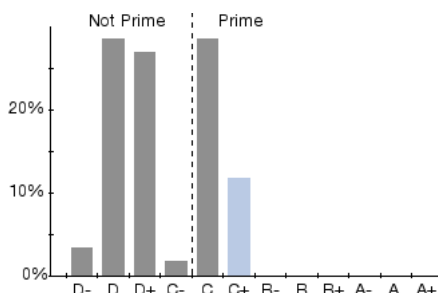
(in alphabetical order)

- Bayerische Landesbodenkreditanstalt (DE) C+
- Deutsche Hypothekenbank AG (DE) C+
- Muenchener Hypothekenbank eG (DE) C+

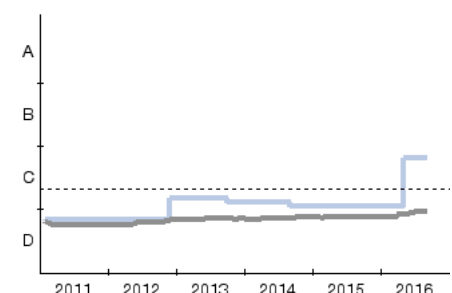
Company Industry

Distribution of Ratings

(60 companies in the industry)

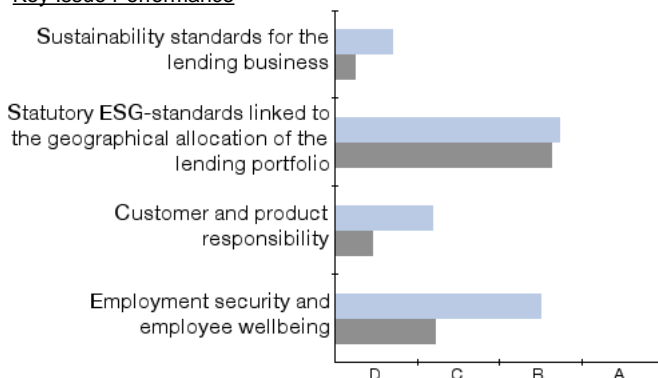


Rating History



Key Issues

Key Issue Performance



Strengths and Weaknesses

- + almost entire loan portfolio is allocated in countries with high environmental and social minimum standards
- + comprehensive policy on responsible marketing and transparent contracts
- + measures regarding responsible treatment of customers with debt repayment problems
- + various options to facilitate the work-life balance of employees
- no strict and comprehensive general environmental and social guidelines for the credit rating process with regard to commercial and public sector customers
- no activities regarding financial services to companies/projects with high social benefit

Controversy Monitor

Company

Controversy Score: 0
Controversy Level: Minor

Minor	Moderate	Significant	Severe
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Industry

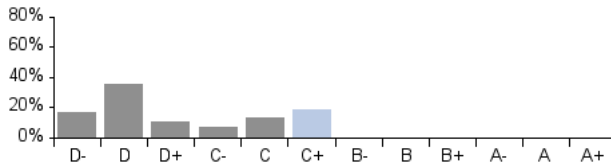
Maximum Controversy Score: -6
Controversy Risk: Minor

Minor	Moderate	Significant	Severe
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Deutsche Hypothekenbank AG

A. Social Rating

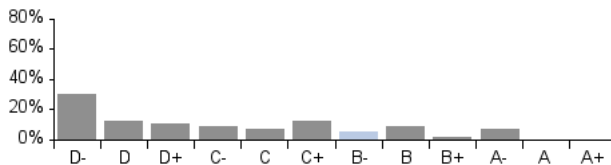
50.0% | C+



A.1. Staff and Suppliers

15.0% | B-

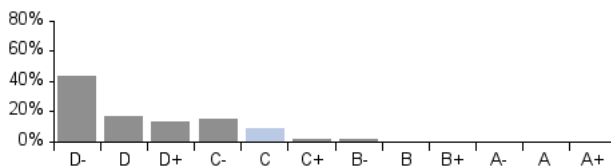
- staff
 - freedom of association
 - equal opportunities
 - health and safety
 - work-life balance
 - employment security
 - training and education
- suppliers



A.2. Society and Product Responsibility

25.0% | C

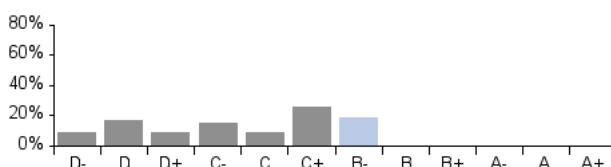
- society
 - human rights
 - community
 - gov. relations/influence on publ. pol.
 - stakeholder dialogue
- customer and product responsibility



A.3. Corporate Governance and Business Ethics

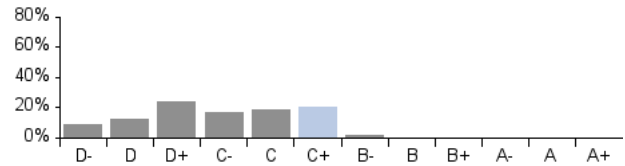
10.0% | B-

- corporate governance
 - board independence
 - shareholder democracy
 - executive compensation
 - shareholder structure
- business ethics



B. Environmental Rating

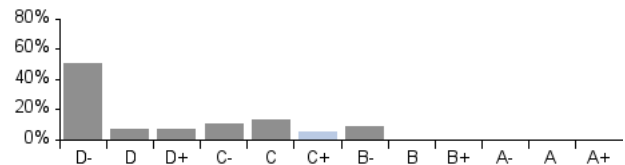
50.0% | C+



B.1. Environmental Management

12.5% | C+

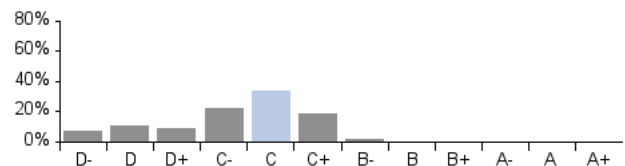
- environmental policy
- environmental management system
- climate change strategy
- travel and transport
- green procurement



B.2. Products and Services

35.0% | C

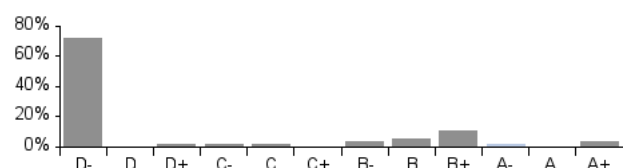
- lending and investment banking business
- investments



B.3. Eco-efficiency

2.5% | A-

- energy use
- GHG emissions
- business travel
- paper use



Deutsche Hypothekenbank AG

Controversial Activities

Business Areas

	Risk Industry	Violation		No	No Info	
		Producer	User/ Retailer			
Abortion	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Alcohol	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Biocides	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Chlororganic Mass Products	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Embryonic Research	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Furs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
GMOs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Gambling	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Military	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Nuclear Power	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Pornography	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Tobacco	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Business Practices

	Risk Industry	Violation		No	No Info	
		Company	Supplier			
Animal Testing	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Business Malpractice	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Controversial Env. Practices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Violations of Human Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Violations of Labour Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Deutsche Hypothekenbank AG

Additional Company Information

Business Data

	Total Assets (EUR m)	Net. Income (EUR m)	Number of Employees
2014	30,054.91	n/a	388
2015	n/a	n/a	n/a
2016	n/a	n/a	n/a

Financial Year ends: 12/2014

Participation in Rating Process

The rating report based on publicly available company documentation and external sources such as NGOs, authorities, trade unions and the media was submitted to the company for consideration and feedback. The company actively participated in the rating process and provided additional information.

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Deutsche Hypothekenbank AG

Methodology - Overview

oekom Corporate Rating	<p>The oekom Universe comprises more than 3,800 companies (mostly companies in important national and international indices), but also small & mid caps drawn from sectors with links to sustainability as well as significant non-listed bond issuers).</p> <p>The assessment of the social and environmental performance of a company is generally carried out with the aid of approx. 100 social and environmental criteria, selected specifically for each industry. All criteria are individually weighted, evaluated and aggregated to yield an overall score (Rating). In case there is no relevant or up-to-date company information available on a certain criterion, it is graded with a D-.</p> <p>In order to generate a comprehensive picture of each company, our analysts collect information relevant to the rating both from the company itself and from independent sources. During the rating process, considerable importance is attached to cooperating extensively with the company under evaluation. Companies are regularly given the opportunity to comment on the results and provide additional information.</p> <p>An external rating committee assists the analysts at oekom research with the content-related design of industry-specific criteria and carries out a final plausibility check of the rating results at the end of the rating process.</p>
Controversial Activities	<p>In addition to the rating, oekom research undertakes a comprehensive analysis of controversies with respect to numerous business areas and practices for each company. Thereby, our clients have the possibility to consider, either separately or in addition to the best-in-class rating, the behaviour of a company in areas they view especially critical.</p> <p>If relevant cases are identified, they are highlighted by a blue frame. A Risk Industry indicates that the industry is frequently active in controversial business areas or prone to controversial business practices. An overview of all exclusion criteria and how they are applied in practice can be found at www.oekom-research.com.</p>
Controversy Monitor	<p>The oekom Controversy Monitor is a tool for assessing and managing reputational and financial risks associated with companies' negative environmental and social impacts.</p> <p>The controversy score is a measure of the number and extent of the controversies in which a company is currently involved: all controversial business areas and business practices are assigned a negative score, which varies depending on the significance and severity of the controversy. Both the score of the portrayed company and the maximum score obtained in the industry are displayed.</p> <p>For better classification, the scores are assigned to different levels: minor, moderate, significant and severe. The industry level relates to the average controversy score.</p> <p>Only controversies, for which reliable information from trustworthy sources is available, are recorded. It should be noted that large international companies are more often the focus of public and media attention and available information is often more comprehensive than for less prominent companies.</p>
Distribution of Ratings	Overview of the distribution of all company ratings of an industry from the oekom Universe (company portrayed in this report: light blue). The industry-specific Prime threshold (vertical dotted line) is also shown.
Industry Classification	<p>The social and environmental impacts of industries differ. Therefore, subject to its relevance, each industry analysed is classified in a Sustainability Matrix.</p> <p>Depending on this classification, the two dimensions of the oekom Corporate Rating, i.e. the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the oekom Prime Status (Prime threshold) are defined (absolute best-in-class approach).</p>
Industry Leaders	List (in alphabetical order) of the top three companies in an industry from the oekom Universe at the time of generation of this report.
Key Issue Performance	Overview of the company's performance with regard to important social and environmental issues that are key to the industry, compared to the industry average.
Rating History	Trend in the company's rating over time and comparison to the average rating in the industry.
Rating Scale	<p>Companies are rated on a twelve-point scale from A+ to D-:</p> <p>A+: the company shows excellent performance.</p> <p>D-: the company shows poor performance.</p> <p>Overview of the range of scores achieved in the industry (light blue) and display of the industry-specific Prime threshold (vertical dotted line).</p>
Sources of Information	A selection of significant sources used for this report is illustrated on the last page. Data for the Bloomberg Ticker, Business Data, Company Name, Country, ISIN and Sales by Segment was sourced from Bloomberg.
Status & Prime Threshold	Companies are categorised as Prime if they achieve/exceed the minimum sustainability performance requirements (Prime threshold) defined by oekom for a specific industry (absolute best-in-class approach) in the oekom Corporate Rating. Prime companies rank among the leaders in that industry.
Strengths & Weaknesses	Overview of selected strengths and weaknesses of a company with regard to relevant social and environmental criteria.
Please note that all data in this report relates to the point in time at which the report was generated.	

