

FITCH UPGRADES DUESSELDORFER HYPOTHEKENBANK TO 'A-'; D/GRADES INDIVIDUAL TO 'F'; AFFIRMS PFANDBRIEF

Fitch Ratings-London/Frankfurt-22 April 2008: Fitch Ratings has today upgraded Germany-based Duesseldorfer Hypothekbank AG's (DHB) Long-term Issuer Default rating (IDR) to 'A-' (A minus) from 'BBB-' (BBB minus), its Short-term IDR to 'F1' from 'F3' and its Support Rating to '1' from '3'. The ratings are removed from Rating Watch Evolving. The rating action follows DHB's announcement that Bundesverband deutscher Banken e.V. (BdB) and Prüfungsverband deutscher Banken e.V. have agreed to acquire 100% of DHB via two acquisition vehicles. At the same time, the sovereign-derived 'BB+' Support Rating Floor has been withdrawn to reflect that the source of potential support is now institutional. The Individual rating has been downgraded to 'F' from 'C/D', resolving the Rating Watch Negative. The 'AAA' public sector covered bond rating has been affirmed.

The announced acquisition changes Fitch's assessment of the propensity of support for the bank. The upgrades of DHB's IDRs and Support rating factor in the extremely strong potential institutional support for DHB that would be forthcoming through BdB, if ever required.

The takeover by BdB is, in Fitch's opinion, indicative of the inability of DHB to remain a viable concern on a stand-alone basis, and this is reflected in the lowering of the Individual rating to 'F'. The 'F' Individual rating is retrospective in nature. Fitch will reassess DHB's Individual rating once its medium- to long-term future becomes clearer.

Fitch will monitor closely the public sector cover pool, the development of its over-collateralisation and potentially upcoming further transactions, since the agency does not expect the new ownership structure to be a long-term solution.

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