

Rating Action: Moody's withdraws Deutsche Hypothekenbank (Actien-Gesellschaft)'s ratings

08 Jul 2021

Frankfurt am Main, July 08, 2021 -- Moody's Investors Service (Moody's) has today withdrawn Deutsche Hypothekenbank (Actien-Gesellschaft)'s (Deutsche Hypo) A3/P-2 long-term and short-term deposit ratings, its A3/P-2 long-term and short-term issuer ratings, its (P)A3 senior unsecured MTN program rating, its (P)P-2 other short-term rating and its (P)Ba2 subordinate MTN program rating. Concurrently, Moody's has also withdrawn the bank's A3(cr)/P-2(cr) Counterparty Risk Assessment (CR Assessment), its A3/P-2 Counterparty Risk Rating (CRR) its ba3 Baseline Credit Assessment (BCA) and ba1 Adjusted BCA.

The rating action follows Deutsche Hypo's legal merger with Norddeutsche Landesbank GZ (NORD/LB, deposits A3 stable/senior unsecured A3 stable, BCA ba3), which took effect on 1 July 2021[1]. With this transaction, NORD/LB effectively assumed the assets and liabilities of Deutsche Hypo and Deutsche Hypo ceased to exist as a separate legal entity.

The outstanding senior unsecured debt (A3 stable), junior senior unsecured debt (Baa2) and subordinated obligations (Ba2) have been assumed by Deutsche Hypo's parent; these were unaffected by today's rating action. Moody's will continue to rate these instruments.

Please refer to the Moody's Investors Service Policy for Withdrawal of Credit Ratings, available on its website, www.moody's.com.

For a list of all affected ratings, please refer to the end of this press release.

RATINGS RATIONALE

On 1 July, NORD/LB has announced that the legal merger of both entities has been successfully completed, thereby assuming Deutsche Hypo's outstanding liabilities. Today's withdrawals reflect the reorganisation within the NORD/LB group.

Deutsche Hypo was a fully owned subsidiary of NORD/LB since 2008. Its BCA was capped at the level of the BCA of its parent and the Adjusted BCA was aligned with the Adjusted BCA of NORD/LB, reflecting the close interlinkages between the two banks, including a regulatory capital waiver and a profit and loss transfer agreement. Deutsche Hypo was included in the resolution perimeter of its parent entity NORD/LB and accordingly the rating agency applied the results of NORD/LB's Advanced Loss Given Failure (LGF) analysis to Deutsche Hypo's liabilities. As a result, the ratings of Deutsche Hypo were effectively aligned with those of the parent NORD/LB.

LIST OF AFFECTED RATINGS

Issuer: Deutsche Hypothekenbank (Actien-Gesellschaft)

..Withdrawals:

-Long-term Counterparty Risk Ratings, previously rated A3
-Short-term Counterparty Risk Ratings, previously rated P-2
-Long-term Bank Deposits, previously rated A3, outlook changed to Ratings Withdrawn from Stable
-Short-term Bank Deposits, previously rated P-2
-Long-term Counterparty Risk Assessment, previously rated A3(cr)
-Short-term Counterparty Risk Assessment, previously rated P-2(cr)
-Long-term Issuer Ratings, previously rated A3, outlook changed to Ratings Withdrawn from Stable

...Short-term Issuer Ratings, previously rated P-2
...Baseline Credit Assessment, previously rated ba3
...Adjusted Baseline Credit Assessment, previously rated ba1
...Senior Unsecured Medium-Term Note Program, previously rated (P)A3
...Subordinate Medium-Term Note Program, previously rated (P)Ba2
...Other Short Term, previously rated (P)P-2

REGULATORY DISCLOSURES

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website www.moody.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at http://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_1288435.

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REFERENCES/CITATIONS

[1] Norddeutsche Landesbank GZ press release, 1 July 2021

Please see www.moody.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moody.com for additional regulatory disclosures for each credit rating.

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