

**Rating Action: Muenchener Hypothekenbank eG**

**Moody's confirms MünchenerHyp's Aa3/C+ ratings**

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**Rating action follows termination of merger talks with DG Hyp**

Frankfurt, October 17, 2007 -- Moody's Investors Service has today confirmed the Aa3 long-term deposit rating and C+ bank financial strength rating (BFSR) of Münchener Hypothekenbank eG ("MünchenerHyp"). The A1 subordinated rating issued by MünchenerHyp and the A2 rating for the Tier 1 securities issued by GfW Capital was also confirmed. Today's rating actions follow the termination of merger talks with Deutsche Genossenschafts-Hypothekenbank AG ("DG Hyp", not rated) and conclude the rating reviews initiated in July following the announcement of the merger talks and the signing of a memorandum of understanding. All ratings have a stable outlook now.

The rating confirmation is based on Moody's expectation that the bank's decision not to merge with DG Hyp will not negatively affect MünchenerHyp's market position or credit profile going forward. The C+ BFSR derives from the bank's strong business franchise as a residential mortgage lender in Germany, its stable financial fundamentals, especially its sound asset quality and good economic capitalisation. However, Moody's notes that the improving but still modest profitability is a somewhat constraining factor for the bank's BFSR.

The rating also takes into account MünchenerHyp's affiliation with the German co-operative banks, which provide access to a solid nationwide network of branches and therefore offer strong earning stability. Going forward, Moody's expects MünchenerHyp to maintain its low risk profile, supported in particular by its very limited risk appetite in terms of credit and market risk.

MünchenerHyp's long-term global local currency (GLC) deposit rating of Aa3 is supported by a very high probability of co-operative sector support based on the bank's membership of the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR), and a moderate probability of systemic support based on the bank's important position as an issuer in the Pfandbrief market.

MünchenerHyp is headquartered in Munich, Germany and had total assets of EUR32.2 billion as of the end of June 2007.

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