

Rating Action: Mortgage and Land Bank of Latvia

Moody's downgrades Mortgage and Land Bank of Latvia to Baa1

London, 07 January 2009 -- Moody's Investors Service has today downgraded the long-term foreign currency deposit rating of Mortgage and Land Bank of Latvia to Baa1 from A3. This rating action has been prompted by today's downgrade of Latvia's foreign currency deposit ceiling to Baa1 from A3 (see separate press release). The Baa1 rating is constrained by the country ceiling. The outlook on the Baa1 long-term deposit rating is negative, reflecting the negative outlook on the foreign currency deposit ceiling.

"This action does not affect Mortgage and Land Bank of Latvia's D- bank financial strength rating (BFSR), the outlook of which remains negative. Moody's affirmed the bank's Prime-2 short-term rating," says Kimmo Rama, a London-based Moody's Vice President - Senior Analyst, and lead analyst for Mortgage and Land Bank of Latvia.

Moody's previous rating action on Mortgage and Land Bank of Latvia was on 7 November 2008, when the long- and short-term foreign currency deposit ratings were downgraded to A3 from A2 and to Prime-2 from Prime-1, respectively.

The principal methodologies used in rating Mortgage and Land Bank of Latvia are "Bank Financial Strength Ratings: Global Methodology" and "Incorporation of Joint-Default Analysis into Moody's Bank Ratings: A Refined Methodology", which can be found at www.moody.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors that may have been considered in the process of rating Mortgage and Land Bank of Latvia can also be found in the Credit Policy & Methodologies directory.

Headquartered in Riga, Latvia, Mortgage and Land Bank of Latvia reported consolidated assets of LVL973 million (EUR1.4 billion) at end-September 2008.

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