

**Rating Action: Mortgage and Land Bank of Latvia**

**Moody's downgrades Mortgage and Land Bank of Latvia to Baa3/P-3 from Baa1/P-2**

London, 23 April 2009 -- Moody's Investors Service today downgraded the long- and short-term foreign currency deposit ratings of Mortgage and Land Bank of Latvia to Baa3 from Baa1 and to Prime-3 from Prime-2, respectively. This rating action was prompted by today's downgrade of Latvia's foreign currency deposit ceiling to Baa3 from Baa1 (see separate press release). The outlook on the Baa3 long-term deposit rating is negative, reflecting the negative outlook on the foreign currency deposit ceiling.

The rating action does not affect Mortgage and Land Bank of Latvia's D- bank financial strength rating (BFSR), the outlook on which remains negative, reflecting Moody's concerns that the bank's profitability and asset quality could weaken further given the difficult operating environment in Latvia.

Moody's previous rating action on Mortgage and Land Bank of Latvia was implemented on 7 January 2009, when the long-term foreign currency deposit rating was downgraded to Baa1 from A3 following the respective downgrade of Latvia's foreign currency deposit ceiling.

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](http://www.moody.com) in the Credit Policy & Methodologies directory, in the Ratings Methodologies sub-directory. 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 LVL969 million (EUR1.4 billion) at the end of 2008.

London  
Kimmo Rama  
Vice President - Senior Analyst  
Financial Institutions Group  
Moody's Investors Service Ltd.  
JOURNALISTS: 44 20 7772 5456  
SUBSCRIBERS: 44 20 7772 5454

London  
Reynold R. Leegerstee  
Managing Director  
Financial Institutions Group  
Moody's Investors Service Ltd.  
JOURNALISTS: 44 20 7772 5456  
SUBSCRIBERS: 44 20 7772 5454

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