

Rating Action: [Mortgage and Land Bank of Latvia - Covered Bonds](#)

Moody's downgrades Covered Bonds issued by MLBL to A2

Ratings on review for possible further downgrade

London, 09 January 2009 -- Moody's Investors Service has today downgraded the rating of all Latvian Mortgage Bonds issued by Mortgage and Land Bank of Latvia ("MLBL" or "the Issuer") to A2 from A1 and placed them on review for possible downgrade.

This rating action reflects the downgrade of the Issuer to Baa1 from A3. For further details see our press release published on 7 January 2009.

As is the case with other Covered Bonds, Moody's considers the Latvian covered bonds issued by MLBL to be linked to the credit strength of the Issuer, in particular from a timeliness payment perspective.

As part of its rating review, Moody's expects to review additional information that MLBL will provide on the cover pool.

The last rating action on MLBL's covered bonds was the confirmation the A1 ratings in March 2007.

Moody's initially analysed and monitors these transactions using the rating methodology for EMEA covered bond transactions as described in the Rating Methodology reports "Moody's Rating Approach to European Covered Bonds", published in June 2005, "Timely Payment in Covered Bonds following Sponsor Bank Default", published in March 2008, and "Assessing Swaps as Hedges in the Covered Bond Market", published in September 2008.

The ratings address the expected loss posed to investors. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

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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