
June 2, 2010

**CARE ASSIGNS 'CARE AAA (SO)' RATING TO NCD ISSUE OF
DEUTSCHE POSTBANK HOME FINANCE LTD.**

CARE has assigned '**CARE AAA (SO)**' [**Triple A (Structured Obligation)**] rating to the NCDs aggregating Rs.50 crore of Deutsche Postbank Home Finance Ltd. (DPHFL). **The rating takes into considerations the credit enhancement in the form of letter of comfort from ultimate parent Deutsche Postbank A.G (Postbank)**. Instruments with this rating are considered to be of the best credit quality, offering highest safety for timely servicing of debt obligations. Such instruments carry minimal credit risk.

Instruments	Amount (Rs. crore)	Ratings¹
Non Convertible Debentures	50.00	' CARE AAA (SO) '
Total	50.00	

Rating Rationale

The rating takes into account demonstrated support of ultimate parent Postbank through capital infusion, management control and operational integration. The rating also factors in DPHFL's healthy asset quality, superior solvency, growth in operations, comfortable liquidity position and profitability parameters. DPHFL's ability to manage interest rate risk and maintain asset quality and continuation of Postbank's support would remain key rating sensitivities.

Company Profile

Deutsche Postbank Home Finance Ltd. (formerly BHW Home Finance Limited) was incorporated in India on March 2, 1995. In November 2004, the company became 100% subsidiary of BHW Holding AG, wholly owned subsidiary of Deutsche Postbank AG. In September 2008, the name of the company was finally changed to present name.

Postbank has issued letter of comfort ensuring that DPHFL would honor its obligations towards the payment of NCDs rated by CARE. DPHFL is a step down subsidiary of Postbank which is the largest retail bank in Germany and had assets amounting to Euro226.61 bn as on December 31, 2009.

¹Complete definition of the rating assigned is available at www.careratings.com and in other CARE publications.

In FY09, DPHFL had recorded PAT of Rs.44.38 crore (FY08: -Rs.25.79crore) on a Total Income of Rs.432.02crore (FY08: -Rs.302.58crore). In 9MFY2010, DPHFL registered PAT of Rs.43 crore on total income of Rs.367 crore. As on December 31, 2009, the Gross NPA and Net NPA stood at 0.83% and 0.08%. Capital adequacy ratio stood at 15.96% as on same date.

Note - Shri S.M. Datta, an Independent Director, did not participate in the rating process or in the meeting of the Rating Committee when the rating of DPHFL was discussed.

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CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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