

FITCH UPGRADES AZERBAIJAN MORTGAGE FUND TO 'BB+' ON SOVEREIGN ACTION

Link to Fitch Ratings' Report: Azerbaijan Mortgage Fund

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=529525

Fitch Ratings-London-21 May 2010: Fitch Ratings has upgraded the Azerbaijan Mortgage Fund's (AMF) Long-term foreign and local currency ratings to 'BB+' from 'BB' respectively, following the agency's recent sovereign upgrade. The Outlooks are Stable. Azerbaijan's Long-term foreign and local currency Issuer Default ratings (IDRs) were upgraded to 'BBB-' from 'BB+', with Stable Outlooks. AMF is a public-sector entity (PSE) controlled by the Central Bank of Azerbaijan.

AMF's ratings are notched down from Azerbaijan's Long-term local currency and foreign currency IDRs to reflect its PSE status, sovereign control through the central bank, and the important role of AMF in implementing the national government's housing finance policy. The notching further captures Fitch's view on the currently available support mechanisms for the entity from the government.

AMF was established as a PSE in September 2005 by decree No: 299 of the President of the Republic of Azerbaijan. Its charter was approved by a separate presidential decree in December 2005. AMF's main purpose is to create funding mechanisms which provide home ownership to Azerbaijani citizens, through long-term financing, and to attract domestic and foreign investment into mortgage financing.

For further information on the sovereign rating action, please see 'Fitch Upgrades Azerbaijan to Investment Grade; IDRs to 'BBB-', which is available on www.fitchratings.com.

Applicable criteria, "Rating of Non US Public Sector Entities", dated 1 September 2009, are available at www.fitchratings.com.

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Additional information is available at www.fitchratings.com.

Related Research:

Ratings of Non-US Public Sector Entities

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=464008

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