

## Ratings Affirmed On DG Hyp's Mortgage-Sector Covered Bonds Following Review

**Primary Credit Analyst:**

Ioan Isopel, Frankfurt (49)69-33-999-306; ioan\_isopel@standardandpoors.com

**Secondary Contact:**

Sabrina Miehs, Frankfurt (49) 69-33-999-304; sabrina\_miehs@standardandpoors.com

**Surveillance Credit Analyst:**

Ioan Isopel, Frankfurt (49)69-33-999-306; ioan\_isopel@standardandpoors.com

### OVERVIEW

- We have reviewed DG Hyp's mortgage-sector covered bond program.
- We have affirmed our 'AAA' ratings on these mortgage-sector covered bonds following a review.
- The outlook remains stable.

FRANKFURT (Standard & Poor's) Oct. 20, 2010--Standard & Poor's Ratings Services today affirmed its 'AAA' credit ratings on Deutsche Genossenschafts-Hypothekenbank AG's (DG Hyp) mortgage-sector covered bonds following a review. The outlook remains stable.

DG Hyp typically draws its mortgage covered bonds under its debt issuance program, which also allows it to issue public sector covered bonds.

For our rating affirmation on DG Hyp's mortgage covered bonds we have reviewed the asset and cash flows information provided as of June 30, 2010 (the latest reporting date).

Applying our covered bond criteria, the specifics of DG Hyp's program potentially allow for a seven notch elevation, according to step 3 of our criteria. Reflecting our assessment of the target credit enhancement, in combination with the available credit enhancement, we believe that the cover

pool can support the mortgage covered bonds commensurate with a 'AAA' rating.

The current stable outlook reflects our opinion that adverse movements of DG Hyp's issuer credit rating or the asset-liability mismatch (ALMM) measure would not automatically result in a change to the covered bond rating. We also believe that the issuer is able and willing to manage the covered bonds at the highest achievable uplift.

#### RELATED CRITERIA AND RESEARCH

- Transaction Update: Deutsche Genossenschafts-Hypothekenbank AG (Hypotheken Pfandbriefe), Oct. 20, 2010
- Advance Notice Of Proposed Criteria Change: Methodologies And Assumptions For Rating Certain Covered Bonds and CDOs, Aug. 5, 2010
- Revised Methodology And Assumptions For Assessing Asset-Liability Mismatch Risk In Covered Bonds, Dec. 16, 2009
- Deutsche Genossenschafts-Hypothekenbank AG, Dec. 3, 2009
- Cooperative Banking Sector Germany, Oct. 2, 2009
- Methodology And Assumptions: Update To The Cash Flow Criteria For European RMBS Transactions, Jan. 6, 2009
- Bank Industry Risk Analysis: German Banks Brave Current Market Dislocations, But Further Markdowns Likely, April 28, 2008
- Principles-Based Rating Methodology For Global Structured Finance Securities, May 29, 2007
- All Covered Bonds Are Not Created Equal, Sept. 13, 2007
- Germany Farewells Mortgage Bank Act for New Covered Bond Act To Take Center Stage, March 21, 2005
- Expanding European Covered Bond Universe Puts Spotlight on Key Analytics, July 16, 2004
- Criteria for Rating German Residential Mortgage-Backed Securities, Aug. 31, 2001
- Cash Flow Criteria for European RMBS Transactions, Nov. 20, 2003

Related articles are available on RatingsDirect. Criteria, presales, servicer evaluations, and ratings information can also be found on Standard & Poor's Web site at [www.standardandpoors.com](http://www.standardandpoors.com). Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4011.

#### **Additional Contact:**

Covered Bonds Surveillance; [CoveredBondSurveillance@standardandpoors.com](mailto:CoveredBondSurveillance@standardandpoors.com)

Copyright © 2010 by Standard & Poor's Financial Services LLC (S&P), a subsidiary of The McGraw-Hill Companies,

No content (including ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P. The Content shall not be used for any unlawful or unauthorized purposes. S&P, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) and [www.globalcreditportal.com](http://www.globalcreditportal.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).